An AS 9100D Certified

**DCX SYSTEMS LIMITED**
**CIN: L31908KA2011PLC061686**
(*Formerly known as DCX Cable Assemblies Pvt Ltd*)

**Regd. Office:** Aerospace SEZ Sector, Plot Nos. 29,30 and 107,
Hitech Defence and Aerospace Park, Kavadadasanahalli,
Bengaluru Rural – 562110, Karnataka, India

**email:**cs@dcxindia.com
**Tel:** 080-67119555
**web:**www.dcxindia.com

**19.05.2023**

**The Department of Corporate Services**
**BSE Limited**
P J Towers, Dalal Street, Fort
Mumbai – 400001
**Scrip Code - 543650**

**The National Stock Exchange of India Ltd**
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
**Symbol-DCXINDIA**

Dear Sir/Madam,

**Subject: Press Release**

Pursuant to Regulation 30 read with Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed a Press Release dated May 19, 2023 with respect to Audited Financial performance of DCX Systems Limited for the fourth quarter and year ended March 31, 2023.

You are requested to take the same on your records.

Thanking you,

Yours Sincerely,

For **DCX Systems Limited**

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar
Date: 2023.05.19 18:30:13 +05'30'

**Nagaraj R Dhavaskar**
**Company Secretary, Legal & Compliance Officer**
**M. No: F12503**

Encl: As above

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**

**Consolidated Statement of Assets and Liabilities**

(All amounts in Millions, unless otherwise stated)

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *2* | 108.40 | 107.94 |
| Capital work-in-progress | *2* | 52.90 | - |
| Right-of-use assets | *3* | 43.00 | 38.10 |
| Other intangible assets | *4* | 0.43 | 0.48 |
| Financial assets | | | |
| (i) Investments | *5* | - | - |
| (ii) Other financial assets | *6* | 30.70 | 3.18 |
| Deferred tax assets (net) | *31 (d)* | 43.72 | 38.02 |
| Other non-current assets | *7* | 0.50 | 0.50 |
| **Total non-current assets** | | **279.65** | **188.22** |
| **Current assets** | | | |
| Inventories | *8* | 2,291.62 | 272.51 |
| Financial assets | | | - |
| (i) Trade receivables | *9* | 3,195.32 | 694.94 |
| (ii) Cash and cash equivalents | *10* | 136.71 | 1,884.79 |
| (iii) Bank balances other than (ii) above | *11* | 5,821.76 | 6,118.44 |
| (iv) Other financial assets | *12* | 21.30 | 50.68 |
| Current tax assets (net) | *31 (c)* | 13.87 | - |
| Other current assets | *13* | 432.61 | 216.57 |
| **Total current assets** | | **11,913.19** | **9,237.93** |
| **Total assets** | | **12,192.84** | **9,426.15** |
| **EQUITY & LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | *14* | 193.45 | 154.80 |
| Other equity | *15* | 5,473.76 | 1,021.10 |
| **Total equity** | | **5,667.21** | **1,175.90** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Long Term Borrowings | *16* | 57.70 | 354.40 |
| (ii) Provisions | *17* | 12.40 | 10.38 |
| **Total non-current liabilities** | | **70.10** | **364.78** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | *18* | 5,037.11 | 4,671.80 |
| (ii) Trade payables | *19* | | |
| a) total outstanding dues of MSME | | 5.47 | 452.63 |
| b) total outstanding dues of creditors other than MSME | | 1,357.07 | 512.50 |
| (iii) Other financial liabilities | *20* | 11.16 | 6.97 |
| Other current liabilities | *21* | 44.19 | 2,153.17 |
| Provisions | *22* | 0.53 | 0.44 |
| Current tax liabilities (net) | *31 (c)* | - | 87.96 |
| **Total current liabilities** | | **6,455.53** | **7,885.47** |
| **Total liabilities** | | **6,525.63** | **8,250.25** |
| **Total equity and liabilities** | | **12,192.84** | **9,426.15** |

The above statement should be read with basis of preparation, significant accounting policies and

As per our report of even date attached

**For**
**NBS & Co.**
**Chartered Accountants**
**FRN : 110100W**

PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY
Date: 2023.05.19 18:51:12 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN:23046940BGPTTX3498

For and on behalf of Board of Directors of
**DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)**
CIN: L31908KA2011PLC061686

H S RAGHAVENDRA RAO
Digitally signed by H S RAGHAVENDRA RAO
Date: 2023.05.19 18:30:57 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM
Date: 2023.05.19 18:31:32 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S
Date: 2023.05.19 18:33:33 +05'30'

K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar
Date: 2023.05.19 18:30:32 +05'30'

Nagaraj R Dhavaskar
Company Secretary
**Membership No: F12503**

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**

**Consolidated Statement of Profit and Loss**

(All amounts in Millions, unless otherwise stated)

| | Note | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | *23* | 12,536.34 | 11,022.73 |
| Other Income | *24* | 295.48 | 220.61 |
| **Total income** | | **12,831.82** | **11,243.34** |
| **Expenses** | | | |
| Cost of materials Consumed | *25* | 12,630.45 | 9,293.43 |
| Changes in inventories of finished goods and work-in-progress | *26* | (1,438.46) | 712.43 |
| Employee benefit expenses | *27* | 105.10 | 86.65 |
| Finance cost | *28* | 256.28 | 113.22 |
| Depreciation and amortisation expenses | *29* | 18.21 | 21.75 |
| Other expenses | *30* | 402.52 | 260.31 |
| **Total expenses** | | **11,974.10** | **10,487.79** |
| **Profit/(loss) before Exceptional Items, and Tax** | | **857.72** | **755.55** |
| Public Issue Expenses | | | |
| **Profit before exceptional items and tax** | | **857.72** | **755.55** |
| **Exceptional items** | | - | - |
| **Profit before tax** | | **857.72** | **755.55** |
| **Tax expense:** | *31* | | |
| Current tax | | (150.44) | (132.02) |
| Deferred tax | | (0.57) | 2.59 |
| Mat Credit | | 10.10 | 29.96 |
| **Total Tax Expenses** | | (140.91) | (99.47) |
| **Profit for the period (A)** | | **716.81** | **656.08** |
| **Other comprehensive (loss)/ income** | | | |
| **i. Items that will not be reclassified subsequently to profit or loss** | | | |
| (i) Remeasurements of defined benefit liability / (asset) | | 0.81 | (0.32) |
| (i) Income tax relating to remeasurements of defined benefit liability / (asset) | | (0.14) | 0.11 |
| | | **0.67** | **(0.21)** |
| **ii. Items that will be reclassified subsequently to profit or loss ;** | | | |
| (i) The effective portion of gains and loss on hedging instruments in a cash flow hedge | | 21.20 | |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | (3.70) | |
| | | **17.50** | **-** |
| **Total Other comprehensive income (B)** | | **18.17** | **(0.21)** |
| **Total comprehensive income for the period (A+ B)** | | **734.98** | **655.87** |
| **Earnings per equity share [nominal value of Rs. 2]** | | | |
| **Earnings per equity share for Continuing operations** | | | |
| - Basic (Rs.) | | 8.44 | 9.19 |
| - Diluted (Rs.) | | 8.44 | 9.19 |
| **Earnings per equity share for discontinued operations** | | | |
| - Basic (Rs.) | | - | - |
| - Diluted (Rs.) | | - | - |
| **Earnings per equity share for discontinued and continuing operations** | | | |
| - Basic (Rs.) | | 8.44 | 9.19 |
| - Diluted (Rs.) | | 8.44 | 9.19 |
| Summary of Significant Accounting policies | 1 | | |
| Notes to the financial statements | 2 to 44 | | |

The above statement should be read with basis of

As per our report of even date attached

**For**
**NBS & Co.**
**Chartered Accountants**
**FRN : 110100W**

PRADEEP JAGANNATH SHETTY Digitally signed by PRADEEP JAGANNATH SHETTY Date: 2023.05.19 18:51:50 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN:23046940BGPTTX3498

**For and on behalf of the Board of Directors of**
**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**
CIN: U31908KA2011PLC061686

H S RAGHAVENDRA RAO Digitally signed by H S RAGHAVENDRA RAO Date: 2023.05.19 18:33:57 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2023.05.19 18:34:11 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S Digitally signed by Ranga K S Date: 2023.05.19 18:34:28 +05'30'

K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Nagaraj R Dhavaskar Digitally signed by Nagaraj R Dhavaskar Date: 2023.05.19 18:34:43 +05'30'

Nagaraj R Dhavaskar
Company Secretary
**Membership No: F12503**

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**
**Consolidated Statement of Cash Flows**
(All amounts in Millions, unless otherwise stated)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Profit before tax** | 857.72 | 755.55 |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Income tax expense recognised in profit and loss (continuing and discontinued operations) | | |
| Interest on fixed deposits | (294.07) | (220.24) |
| Profit on sale of fixed assets | (1.31) | - |
| Interest on borrowings | 187.08 | 72.40 |
| Depreciation and amortisation expense | 18.21 | 21.75 |
| **Operating profit before working capital changes** | **767.63** | **629.46** |
| Movement in working capital: | | |
| (Increase)/Decrease in trade receivables | (2,500.39) | (571.80) |
| (Increase) / Decrease in current investments | | - |
| (Increase)/Decrease in inventories | (2,019.11) | 1,744.25 |
| (Increase)/Decrease in other current assets | (216.05) | (113.51) |
| (Increase)/Decrease in other non current financial assets | (27.51) | (0.08) |
| (Increase)/Decrease in other current financial assets | 50.58 | (20.14) |
| Increase/(Decrease) in trade payables | 397.41 | (332.86) |
| Increase/(Decrease) in non current provisions | 2.02 | 2.08 |
| Increase/(Decrease) in current provisions | 0.09 | (0.18) |
| Increase/(Decrease) in other current financial liabilities | 4.19 | (158.17) |
| Increase/(Decrease) in other non current financial liabilities | - | |
| Increase/(Decrease) in other current liabilities | (2,108.98) | (2,393.27) |
| Increase/(Decrease) in other non current assets | - | |
| **Cash generated from operations** | **(5,650.12)** | **(1,214.22)** |
| Net income tax (paid) | (251.46) | (126.03) |
| **Net cash from operating activities (A)** | **(5,901.58)** | **(1,340.25)** |
| **B. Cash flows from investing activities** | | |
| Purchase of property, plant and equipment and Other Intangible assets | (29.22) | (16.16) |
| Proceeds from disposal of property, plant and equipment | 7.00 | 3.90 |
| Capital work in progress and capital advance | (52.90) | |
| Investment/(Sale) of mutual funds | - | |
| Investment in fixed deposits | | |
| Investment in Subsidiary | - | - |
| Loans (Financial assets) | - | - |
| Interest received | 294.07 | 220.24 |
| **Net cash used in investing activities (B)** | **218.95** | **207.98** |
| **C. Cash flows from financing activities** | | |
| Working Capital/Term Loan | 68.62 | 3,662.40 |
| Net Proceeds from issue of Shares | 3,756.33 | 52.17 |
| Interest paid | (187.08) | (72.40) |
| **Net cash used in financing activities ( C )** | **3,637.87** | **3,642.17** |
| **Net increase / (decrease) in Cash and cash equivalents (A+B+C)** | **(2,044.76)** | **2,509.90** |
| Effect of exchange differences on restatement of foreign currency Cash and cash | | |
| Cash and cash equivalents at the beginning of the period / year | 8,003.23 | 5,493.33 |
| **Cash and cash equivalents at the end of the period / year** | **5,958.47** | **8,003.23** |
| **Notes:-** | | |
| 1. Cash and cash equivalents include | | |
| Cash on hand | 0.01 | |
| Balances with bank | | |
| - Current accounts | 136.70 | 1,884.79 |
| Other bank balances | 5,821.76 | 6,118.44 |
| | **5,958.47** | **8,003.23** |

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.
As per our report attached of even date

**For**
**NBS & Co.**
**Chartered Accountants**
**FRN : 110100W**

PRADEEP JAGANNATH SHETTY Digitally signed by PRADEEP JAGANNATH SHETTY Date: 2023.05.19 18:52:28 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN:23046940BGPTTX3498

**For and on behalf of the Board of Directors of DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)**
CIN: U31908KA2011PLC061686

H S RAGHAVENDRA RAO Digitally signed by H S RAGHAVENDRA RAO Date: 2023.05.19 18:35:35 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2023.05.19 18:35:21 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S Digitally signed by Ranga K S Date: 2023.05.19 18:35:51 +05'30'

K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Nagaraj R Dhavaskar Digitally signed by Nagaraj R Dhavaskar Date: 2023.05.19 18:36:06 +05'30'

Nagaraj R Dhavaskar
Company Secretary
**Membership No:F12503**

DCX SYSTEMS LIMITED (Formerly known as DCX Cable Assemblies Private Limited)
Note 1 : Significant Accounting Policies forming part of consolidated financial statements

1. **Corporate Information:**
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited) is one of the leading Indian Defence Manufacturing player offering a full service and manufacture of Electronic Systems and cable harnesses for both International and Domestic reputed customers. The manufacturing facility is located at Plot Nos 29, 30, and 107, Hitech, Defence and Aerospace Park, Devanahalli, Bengaluru, Karnataka – 562110, India.

2. **Significant accounting policies:**
This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of Preparation and Compliance:**

**a. Preparation of consolidated Financial statements:**
The consolidated financial statements, for the financial year 31 March 2023 were prepared based on the accounting standards under IND AS framework.

**b. Statement of compliance:**
The Consolidated Financial Statements have been prepared and presented in accordance with Indian Accounting Standards("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and presentation requirements of division II of schedule III to the companies Act 2013, (Ind As compliant schedule III)

**c. Functional and presentation currency:**
Items included in the consolidated financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Indian Rupees (INR), which is Company functional and presentation currency.

**d. Basis of measurement:**
The consolidated financial statements have been prepared on a historical cost convention and on accrual basis of accounting except for (i) certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, (ii) Defined benefit plans-plan assets measured at fair value as stated in the accounting policies set out below. The consolidated financial statements are prepared on a going concern basis using the accrual concept except for the consolidated cash flow information. The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements. The said accounts has been approved by the Board of Directors at their meeting held on May 19, 2023. Historical cost is generally based on fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the assets or liability if market participants would take those characteristics into the account when pricing the asset or liability at the measurement

date.

**e. Use of estimates, judgements and assumptions:**

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, assumptions, uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in relevant notes.

**f. Estimation of uncertainty relating to COVID – 19 outbreak:**

The company has considered internal and external sources of information up to the date of approval of the consolidated financial statements in determining the impact on various elements of its financial statements. The company has used the principles of prudence in applying the judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the company has accrued its liabilities and also expects to fully recover the carrying amount of trade receivables including intangible assets, investments and derivatives if any. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these consolidated financial statements.

**g. Going Concern assumption:**

The management has given the significant uncertainties arising out of the various situations, as explained in the note below, assessed the cash flow projections (based on orders on hand and business forecast) and available liquidity (credit facilities sanctioned by bankers) for a period of at least 12 months from the date of this consolidated financial statements. Based on this evaluation, management believes that the company will be able to continue as a going concern in the foreseeable future from the date of these consolidated financial statements. Accordingly, the consolidated financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets and classification of liabilities that might result, should the company be unable to continue as a going concern.

**h. Current and Non-current classification of assets and liabilities:**

All assets and liabilities have been classified and disclosed as current and non-current as per the companies' normal operating cycle and other criteria set out in Schedule -III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization into cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of classification of assets and liabilities.

**i. Reclassification:**

No such material reclassification done during the year.

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

**Recognition and measurement:**

The Company has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognized as of transition date measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE as on the transition date.

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes purchase price (after deducting trade discount / rebate), non-refundable import duties and taxes, cost of replacing the component parts, borrowing costs and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Spare parts procured along with the Plant and Equipment or subsequently which meets the recognition criteria of PPE are capitalized and added to the carrying amount of such items. The carrying amount of those spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is de recognized on disposal or when no future economic benefits are expected from use. Any profit or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

**Subsequent costs:**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing the property, plant and equipment are recognized in the consolidated statement of profit and loss as incurred.

**Disposal:**

An item of property, plant and equipment is derecognized upon the disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income / expenses in the consolidated statement of profit and loss.

**k. Depreciation:**

Depreciation on Property, Plant & Equipment is provided on written down value basis over the estimated economic useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 or as determined based on a technical evaluation by the company periodically. The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognized. Individual assets costing Rs.5000 or less are depreciated in full, in the year of purchase

**l. Impairment of assets:**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**m. Intangible Assets:**

**Recognition and measurement:**

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually, either individually or at the cash-generating unit level.

Expenditure on Research activities is recognised in the consolidated statement of Profit and Loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and to use or sell the asset.

Intangible assets which comprise of the development expenditure incurred on new product and expenditure incurred on acquisition of user licenses for computer software are recorded at their acquisition price. Subscriptions to software are treated as revenue expenses as the economic life of such software does not exceed one year.

**Subsequent measurement:**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**Amortisation:**

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

**Disposal:**

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognized.

**n. Investments and other Financial Assets:**

**Fair Value Assessment:**

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these consolidated Financial Statements is determined on such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

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

A fair value measurement of a non-financial asset takes into account a market participant's

ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques those 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.
All financial assets and financial liabilities for which fair value is measured or disclosed in the consolidated Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

**Subsequent Measurement:**
For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

**Financial assets measured at amortized cost:**
Financial assets are measured at amortized cost if the financials asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

**Financial assets at fair value through OCI ('FVTOCI'):**
Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit And Loss. On derecognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss.

**Financial assets at fair value through profit or loss ('FVTPL'):**
Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Consolidated Statement of Profit and Loss.

**Derecognition:**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

**Impairment of Financial Assets:**

The Company assesses impairment based on expected credit loss ('ECL') model on the following:

· Financial assets that are measured at amortised cost; and

· Financial assets measured at FVTOCI

ECL is measured through a loss allowance on a following basis:

· The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)

· Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

**Financial Liabilities:**

The Company's financial liabilities include trade payable.

**A. Initial recognition and measurement:**

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Consolidated Statement of Profit and Loss.

**B. Subsequent measurement:**

The subsequent measurement of financial liabilities depends upon the classification as described below:-

**(i) Financial Liabilities classified as Amortised Cost:**

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Consolidate Statement of Profit and Loss.

**(ii) Financial Liabilities classified as Fair value through profit and loss (FVTPL):**

Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.

**C. Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Consolidated Statement of Profit and Loss.

**D. Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Other incomes, other than interest and dividend are recognized when the same are due to be received and right to receive such other income is established.

**o. Share Capital and Share Premium:**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

**p. Dividend Distribution to equity shareholders:**

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

**q. Cash Flows and Cash and Cash Equivalents:**

Consolidated Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and book overdrafts. However, Book overdrafts are to be shown within borrowings in current liabilities in the consolidated balance sheet for the purpose of presentation.

**r. Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) 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. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each consolidated balance sheet date and are adjusted to reflect the current management estimate.

Contingent Assets are not recognized, however, disclosed in consolidated financial statement when inflow of economic benefits is probable.

**s. Revenue Recognition and Other Income:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue from sale of goods is recognized, when the control is transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Export incentives under various schemes notified by the government are recognised when no significant uncertainties as to the amount of consideration that would be derived and that the Company will comply with the conditions associated with the grant and ultimate collection exist.

Interest income or expense is recognised using the effective interest rate method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:

'- the gross carrying amount of the financial asset; or

'- the amortised cost of the financial liability.

**t. Leases:**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

'- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

'- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

'- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

# the Company has the right to operate the asset; or

# the Company designed the asset in a way that predetermines how and for what purpose it will be used.

'At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

**Company as a lessee:**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets re determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is change in future lease payments arising from a change in an index or rate, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in consolidated statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Leasehold land is amortised over the period of lease being 99 years remaining as on the date of purchase.

**Short-term leases and leases of low-value assets:**

The Company has elected not to recognise right-of-use assets and lease liability for the short-term leases that have lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

**u. Income Taxes:**

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

**Current Tax:**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred Tax:**

Deferred tax is provided using the balance sheet method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the

accounting profit nor taxable profit or loss,

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses (including unabsorbed depreciation) can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Current and deferred tax is recognized in consolidated Statement of profit and loss, except to the extent that it relates to items recognized in Other comprehensive income are directly in equity. In this case, the tax is also recognized in other comprehensive income or directly or directly in equity respectively.

**Minimum Alternate Tax (MAT):**

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Consolidated Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

**v. Employee benefits:**

**(a) Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Undiscounted value of benefits such as salaries, incentives, allowances and bonus are recognized in the period in which the employee renders the related service.

**(b) Long term benefits:**

**Defined Contribution Plans:**

The Company contributes to the employee's approved provident fund scheme. The Company's contribution paid/payable under the scheme is recognized as an expense in the consolidated statement of profit and loss during the period in which the employee renders the related services.

**Defined Benefit Plans:**

Gratuity Liability is a defined benefit obligation and is provided on the basis of an actuarial valuation model made at the end of the Financial Year. At present the company is not maintaining fund with any Asset Management Company towards gratuity.

**Earned Leave:**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. The liability toward leave encashment is provided on the basis of an actuarial valuation model made at the end of the financial year.

**w. Trade Receivables:**

Trade Receivables are the amount due from the customers for the sale of goods and services rendered in the ordinary course of business. Trade receivables are initially recognized at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognized that the fair value. The company holds trade receivables for the receipt of contractual cashflows and therefore measures them subsequently at the amortized cost using effective interest rate method. In respect of advances received from the customers, contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue where the company performs under the contract ( transfer control of the related goods or services to the customers).

**x. Trade Payables:-**

These amounts represents liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per the terms of contract with suppliers.

**y.** Inventories:

a. Raw Materials, Work in Progress, Finished Goods, Packing Materials, Stores, Spares and Consumables are carried at the lower of cost and net realisable value after providing cost of obsolescence.

b. In determining the cost of Raw Materials, Packing Materials, Stores, Spares and Consumables, FIFO Method is used. Cost of Inventory comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

c. Cost of Finished Goods includes the cost of Raw Materials, Packing Materials, an appropriate share of fixed and variable production overheads and other costs incurred in bringing the inventories to their present location and condition.

**d.** Cost of Stock in Trade procured for specific projects is assigned by specific identification of individual costs of each item.

**z. Borrowing Costs:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost that an entity incurs in connection with the borrowings of the funds.

**aa. Earnings per share:**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements and stock split in equity shares issued during the year and excluding treasury shares. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares and stock split, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS adjust the figures used in the determination of basic EPS to consider.

'- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

'- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**bb. Segment Reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified Managing Director as Chief Operating Decision Maker.

**cc. Foreign currency transactions:**

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognized in the consolidated statement of profit and loss

**dd. Forward contracts in foreign currencies**

The company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the company and the company does not use the foreign exchange forward contracts for trading or speculation purposes. The company records the gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the profit and loss account of that period. To designate a forward contract as an effective hedge, Management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the profit and loss account.

ee. **Government grants and subsidies**:

Grants / subsidies that compensate the Company for expenses incurred are recognised in the Consolidated Statement of Profit and Loss as other operating income on a systematic basis in the periods in which such expenses are recognised.

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**

**Statement of Changes in Equity**

(All amounts in Millions, unless otherwise stated)

**(a) Equity share capital**

| Particulars | As at 31 March 2023 Number of Shares* | As at 31 March 2023 Amount | As at 31 March 2022 Number of Shares* | As at 31 March 2022 Amount |
|---|---|---|---|---|
| **Balance at the beginning of the reporting year** | 7,74,00,000.00 | 154.80 | 35,00,000.00 | 35.00 |
| Changes in equity share capital due to prior period errors | - | - | - | - |
| **Restated balance as the the beginning of the reporting period / year** | **7,74,00,000.00** | **154.80** | **35,00,000.00** | **35.00** |
| Changes in equity share capital during the period / year | 1,93,23,671.00 | 38.65 | 7,39,00,000.00 | 119.80 |
| Equity Shares issued during the year in consideration for cash | 1,93,23,671.00 | | 3,70,000.00 | 3.70 |
| Bonus Issue of shares during the period | | | 5,80,50,000.00 | 116.10 |
| Number of Shares after Sub division during the year (5 shares for 1 share) | | | 1,54,80,000.00 | - |
| **Balance at the end of the reporting period / year** | **9,67,23,671.00** | **193.45** | **7,74,00,000.00** | **154.80** |

* Number of shares is presented as absolute number.

**(b) Other equity**

| Particulars | TOTAL OTHER EQUITY For the year ended 31 March 2023 | TOTAL OTHER EQUITY For the year ended 31 March 2022 |
|---|---|---|
| **RETAINED EARNINGS** | | |
| **Balance at the beginning of current reporting year** | **1,021.10** | **432.86** |
| **Total comprehensive income for the year** | | |
| Profit for the year | 716.81 | 656.08 |
| Other comprehensive income (net of tax) | | |
| - Remeasurements of defined benefit liability / (asset) | 0.67 | (0.21) |
| -Hedge Reserve | 17.50 | |
| Utilized for issue of Bonus Shares | | (67.63) |
| **Total comprehensive income (A)** | **1,756.08** | **1,021.10** |
| **SECURITY PREMIUM** | | |
| **Balance at the beginning of current reporting year** | - | |
| Proceeds from issue of Shares | 3,961.35 | 48.47 |
| Less : Public issue expenditure | (243.67) | |
| Utilized for issue of Bonus Shares | | (48.47) |
| **Total Security Premium (B)** | 3,717.68 | - |
| **Balance at the end of current reporting year (A +B)** | **5,473.76** | **1,021.10** |

**Nature and purpose of reserves**

**i) Retained earnings**

Retained earnings comprises of undistributed earnings after taxes.

**ii) Securities premium**

Securities premium account is used to record the premium on issue of shares.Also we have appropriate the public issue expenditure incurred from securities premium account.

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.

As per our report of even date attached.

**For**
**NBS & Co.**
**Chartered Accountants**
**FRN : 110100W**

PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY
Date: 2023.05.19 18:53:31 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN:23046940BGPTTX3498

For and on behalf of Board of Directors of
**DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)**
CIN: L31908KA2011PLC061686

H S RAGHAVENDRA RAO
Digitally signed by H S RAGHAVENDRA RAO
Date: 2023.05.19 18:36:43 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM
Date: 2023.05.19 18:36:59 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S
Date: 2023.05.19 18:37:17 +05'30'

K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar
Date: 2023.05.19 18:37:34 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**
**Notes to standalone financial information (continued)**
(All amounts in Millions, unless otherwise stated)

## 2 Property, plant and equipment

| Description | Owned assets | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Computers** | **Office Equipments** | **Furniture and Fixtures** | **Leasehold improvements** | **Tools & Equipments** | **Electrical Installations** | **Plant & Machinery** | **Building** | **Vehicle** | **Total Owned assets** |
| **Gross block** | | | | | | | | | | |
| As at 1 April 2021 | 5.98 | 2.14 | 3.91 | 8.34 | 5.11 | 10.09 | 39.16 | 85.03 | 7.62 | **167.38** |
| Additions | 0.80 | 0.22 | 0.55 | - | - | 0.01 | - | 0.02 | 14.29 | **15.89** |
| Disposals during the period / year | - | - | - | - | - | - | - | - | (3.90) | **(3.90)** |
| As at 31 March 2022 | 6.78 | 2.36 | 4.46 | 8.34 | 5.11 | 10.10 | 39.16 | 85.05 | 18.01 | **179.37** |
| As at 1 April 2022 | 6.78 | 2.36 | 4.46 | 8.34 | 5.11 | 10.10 | 39.16 | 85.05 | 18.01 | **179.37** |
| Additions | 2.01 | 0.03 | 0.12 | - | 0.60 | - | 0.14 | - | 21.27 | **24.17** |
| Disposals during the period / year | | | | | | | | | (9.78) | **(9.78)** |
| As at 31 March 2023 | 8.79 | 2.39 | 4.58 | 8.34 | 5.71 | 10.10 | 39.30 | 85.05 | 29.50 | **193.76** |
| **Accumulated depreciation** | | | | | | | | | | |
| As at 1 April 2021 | 4.90 | 1.78 | 1.83 | 8.34 | 3.88 | 3.15 | 16.22 | 8.26 | 2.90 | **51.26** |
| Depreciation for the period / year | 0.20 | 0.09 | 0.62 | - | 0.32 | 1.82 | 6.78 | 7.29 | 3.05 | **20.17** |
| Depreciation on disposals | - | - | - | - | - | - | - | - | - | **-** |
| As at 31 March 2022 | 5.10 | 1.87 | 2.45 | 8.34 | 4.20 | 4.97 | 23.00 | 15.55 | 5.95 | 71.43 |
| As at 1 April 2022 | 5.10 | 1.87 | 2.45 | 8.34 | 4.20 | 4.97 | 23.00 | 15.55 | 5.95 | **71.43** |
| Depreciation for the period / year | 1.54 | 0.22 | 0.54 | | 0.18 | 1.33 | 2.93 | 6.60 | 4.67 | **18.01** |
| Depreciation on disposals | - | - | - | - | - | - | - | - | (4.08) | **(4.08)** |
| As at 31 March 2023 | 6.64 | 2.09 | 2.99 | 8.34 | 4.38 | 6.30 | 25.93 | 22.15 | 6.54 | 85.36 |
| | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - |
| **Net block** | | | | | | | | | | |
| **As At 31 March 2023** | **2.15** | **0.30** | **1.59** | **(0.00)** | **1.33** | **3.80** | **13.37** | **62.90** | **22.96** | **108.40** |
| **As At 31 March 2022** | **1.68** | **0.49** | **2.01** | **(0.00)** | **0.91** | **5.13** | **16.16** | **69.50** | **12.06** | **107.94** |

### Title deeds of Immovable Properties

| **Descriptions** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Title deeds held in the name of | DCX Cable Assemblies Private Limited | |
| Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director | N.A. | |
| Reason for not being held in the name of Company | The name of the company has changed from DCX Cable Assemblies Private Limited to DCX Systems Private Limited w.e.f 03-01-2022. Further the company was converted from private limited to public limited w.e.f. 02-02-2022. However, the title deed are still in the name of DCX Cable Assemblies Private Limited. | |

Refer note no. 16 and 18 for information on property, plant and equipment pledged as securities by the company
Refer note no.43(b) for disclosure of contractual commitment for the acquisition of property, plant and equipment.

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**
**Notes to standalone financial information (continued)**
(All amounts in Millions, unless otherwise stated)

**2 Capital work-in-progress**

| Particulars | As at 01 April 2022 | Additions | Capitalised during the period / year | As at 31 March 2023 |
|---|---|---|---|---|
| Capital work-in-progress | - | 52.90 | - | 52.90 |
| **Total** | **-** | **52.90** | **-** | **52.90** |

| Particulars | As at 01 April 2021 | Additions | Capitalised during the period / year | As at 31 March 2022 |
|---|---|---|---|---|
| Capital work-in-progress<br>- | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** |

**3 Right-of-use assets**

| Particulars | Gross Block | | | | Gross Block | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2022 | - | Disposals during the period / year | As at 31 March 2023 | As at 01 April 2022 | Charge for the period / year | Disposals during the period / year | As at 31 March 2023 | As at 01 April 2022 | As at 31 March 2023 |
| Leasehold land | 38.10 | 4.90 | | 43.00 | - | - | | - | 38.10 | 43.00 |
| **Total Assets** | **38.10** | **4.90** | **-** | **43.00** | **-** | **-** | **-** | **-** | **38.10** | **43.00** |
| | | | | | | | | | | |

| Particulars | Gross Block | | | | Gross Block | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2021 | - | Disposals during the period / year | As at 31 March 2022 | As at 01 April 2021 | Charge for the period / year | Disposals during the period / year | As at 31 March 2022 | As at 01 April 2021 | As at 31 March 2022 |
| Leasehold land | 38.10 | | | 38.10 | - | - | | - | 38.10 | 38.10 |
| **Total Assets** | **38.10** | **-** | **-** | **38.10** | **-** | **-** | **-** | **-** | **38.10** | **38.10** |
| | | | | | | | | | | |

(All amounts in Millions, unless otherwise stated)

## 4 Other intangible assets

| Description | Computer Software | Total |
|---|---|---|
| **Gross block** | | |
| As at 1 April 2022 | 9.63 | **9.63** |
| Additions | 0.15 | **0.15** |
| Disposals during the period / year | - | **-** |
| **As at 31 March 2023** | 9.78 | **9.78** |
| As at 1 April 2021 | 9.35 | **9.35** |
| Additions | 0.28 | **0.28** |
| Disposals during the period / year | - | **-** |
| **As at 31 March 2022** | 9.63 | **9.63** |
| **Amortisation** | | |
| As at 1 April 2022 | 9.15 | **9.15** |
| Amortisation for the period / year | 0.20 | **0.20** |
| Disposal during the period / year | - | **-** |
| **As at 31 March 2023** | 9.35 | 9.35 |
| As at 1 April 2021 | 7.57 | **7.57** |
| Amortisation for the period / year | 1.58 | **1.58** |
| Disposal during the period / year | - | **-** |
| **As at 31 March 2022** | 9.15 | 9.15 |
| **Net block** | | |
| **As at 31 March 2023** | **0.43** | 0.43 |
| **As at 31 March 2022** | **0.48** | 0.48 |

(All amounts in Millions, unless otherwise stated)

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **5** | **Investments** | | |
| | **Investment measured at cost** | | |
| | **Investment in wholly owned subsidiary (unquoted investments)** | | |
| | Addition : During the year/period 6,500,000 (31 March 2022 : 1,00,000) equity shares of "**Raneal Advanced Systems Private Limited** " of Rs 10 Each acquired | | |
| | | **-** | **-** |
| | (a) Aggregate book value of quoted investments | - | - |
| | (b) Aggregate market value of quoted investments | - | - |
| | (c) Aggregate amount of unquoted investments | - | |
| | (d) Aggregate amount of impairment in value of investments | - | - |
| **6** | **Other non-current financial assets** | | |
| | Fixed deposits with banks with maturity of more than 12 months | | 2.44 |
| | Other deposits | 0.01 | 0.01 |
| | SBI Gratuity Trust | 4.00 | |
| | Security deposits | 26.69 | 0.73 |
| | | **30.70** | **3.18** |
| **7** | **Other non-current assets** | | |
| | Capital advances | 0.50 | 0.50 |
| | | | - |
| | | **0.50** | **0.50** |
| **8** | **Inventories** | | |
| | (valued at lower of cost and net realisable value) | | |
| | Raw material | 853.16 | 272.51 |
| | Stock in trade | | - |
| | Finished goods | 1,438.46 | |
| | Work in progress | | |
| | | **2,291.62** | **272.51** |
| **9** | **Trade receivables** | | |
| | **(Unsecured)** | | |
| | Trade receivables considered good | 3,195.32 | 694.94 |
| | Trade receivables - credit impaired | - | - |
| | | 3,195.32 | 694.94 |
| | Less: Allowance for doubtful receivables | - | - |
| | | **3,195.32** | **694.94** |
| | **The above amount includes :** | | |
| | Others | 3,195.32 | 694.94 |
| | Receivable from related parties | - | - |
| | **Total** | **3,195.32** | **694.94** |

**As at 31 March 2023**

| **Particulars** | **Outstanding for following periods from due date of Payment** | | | | | |
|---|---|---|---|---|---|---|
| | **Less than 6 Months** | **6 Months- 1 Year** | **1-2 Years** | **2-3 Years** | **More than 3 Years** | **Total** |
| (i) Undisputed trade receivables - considered good | 3,019.06 | 176.26 | | | - | 3,195.32 |
| (ii) Undisputed Trade Receivables - which have significant increase in Credit risk | | | | | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | | | | | - | - |
| (iv) Disputed Trade Receivables - considered good | | | | | - | - |
| (v) Disputed Trade Receivables - which have significant increase in Credit risk | | | | | - | - |
| (vi) Disputed Trade Receivables - credit impaired | | | | | - | - |
| | **3,019.06** | **176.26** | **-** | **-** | **-** | **3,195.32** |

**As at 31 March 2022**

| **Particulars** | **Outstanding for following periods from due date of Payment** | | | | | |
|---|---|---|---|---|---|---|
| | **Less than 6 Months** | **6 Months- 1 Year** | **1-2 Years** | **2-3 Years** | **More than 3 Years** | **Total** |
| (i) Undisputed trade receivables - considered good | 688.13 | | 6.81 | | - | 694.94 |
| (ii) Undisputed Trade Receivables - which have significant increase in Credit risk | | | | | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | | | | | - | - |
| (iv) Disputed Trade Receivables - considered good | | | | | - | - |
| (v) Disputed Trade Receivables - which have significant increase in Credit risk | | | | | - | - |
| (vi) Disputed Trade Receivables - credit impaired | | | | | - | - |
| | **688.13** | **-** | **6.81** | **-** | **-** | **694.94** |

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **10** | **Cash and cash equivalents** | | |
| | Balances with banks | | |
| | Current accounts | 136.70 | 1,884.79 |
| | In deposit account (the maturity of the period of which is less than 3 months) | | - |
| | Cash in hand | 0.01 | |
| | | **136.71** | **1,884.79** |

(All amounts in Millions, unless otherwise stated)

**11 Bank balances other than cash and cash equivalents**

| | | |
|---|---|---|
| **Other bank balances** | | |
| Deposits with original maturity of more than 3 months ( Rs. 2000.50 Mn Kept as margin money with Banks) | 5,808.77 | 6,118.44 |
| Deposit - Kept as margin money against LC | 12.99 | - |
| | **5,821.76** | **6,118.44** |

**12 Other current financial assets**

| | | |
|---|---|---|
| Interest receivable (from fixed deposits with banks) | 0.10 | - |
| MEIS incentive receivables | | 50.68 |
| Forward Contract | 21.20 | |
| | **21.30** | **50.68** |

**13 Other current assets**
**(Unsecured, considered good)**

| | | |
|---|---|---|
| Advances to suppliers | 380.44 | 170.76 |
| Advance salary | 1.15 | 0.93 |
| Balances with statutory/government authorities | 19.28 | 13.45 |
| Expenses Relating To Public Issue | - | 17.30 |
| Prepaid expenses | 31.74 | 14.13 |
| | **432.61** | **216.57** |

**16 Long Term Borrowings**

| | | |
|---|---|---|
| Secured Term Loan | 57.70 | 354.4 |
| | **57.70** | **354.4** |

The Working Capital Term Loan, Loan under ECGL(Emergency Credit Line Guarantee Scheme) Interest @ 7.5% PA with a tenure of 60 to 72 Months and second Charge on movable fixed assets of the company both present and future.Term Loan with tenure of 72 months with Initial 12 months moratorium and interest at 10.25% PA linked with 3months T bills.

**17 Provisions**

| | | |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity (Refer note no. 37 for further disclosures) | 7.37 | 6.49 |
| Leave encashment | 5.03 | 3.89 |
| **Others provision** | - | - |
| | **12.40** | **10.38** |

**18 Borrowings**
**Secured**
**From Bank**

| | | |
|---|---|---|
| Working capital loan | 5,037.11 | 4,671.80 |
| | **5,037.11** | **4,671.80** |

**Terms and Conditions:**
**-** For working capital limits -Paripassu First charge on all current assets of the company along with other member banks under Multiple Banking Arrangement, Paripassu First charge on all movable fixed assets of the company along with other member banks under Multiple Banking Arrangement, First paripassu charge on Industrial property of 1.5 acre of land and building in Plt no 29,30 & 107 at hitech, aerospace & defence park devanahalli, Cash Credit/Overdraft limits are payable on demand, Export credits (drawn in foreign currency / INR) are for a tenor of 120-180 days. Interest (drawn in foreign currency) is payable @ LIBOR / SOFR plus 150 to 350 basis points & for EPC (Drawn in INR) Net interest payable (After Subvention of 3%) ranges from 4.3% to 5.1% and for Bank Guarantee issued at Cash Margin 30% to 100 %. Corporate Guarantees are extended by Promoter Group companies.

**19 Trade payables**

| | | |
|---|---|---|
| Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 34) | 5.47 | 452.63 |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 1,357.07 | 512.50 |
| | **1,362.54** | **965.13** |

**Notes :**
(1) Refer note for related party disclosure.

**As at 31 March 2023**

| **Particulars** | **Outstanding for following periods Particulars from due date of payment** | | | | | |
|---|---|---|---|---|---|---|
| | **Unbilled Dues** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) MSME | | 5.47 | | | - | **5.47** |
| (ii) Others | | 1,341.35 | 15.72 | | - | **1,357.07** |
| (iii) Disputed dues - MSME | | | | | | **-** |
| (iv) Disputed dues - Others | | | | | | **-** |
| | **-** | **1,346.82** | **15.72** | **-** | **-** | **1,362.54** |

**As at 31 March 2022**

| **Particulars** | **Outstanding for following periods Particulars from due date of payment** | | | | | |
|---|---|---|---|---|---|---|
| | **Unbilled Dues** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) MSME | | 452.63 | | | - | **452.63** |
| (ii) Others | | 512.50 | | | - | **512.50** |
| (iii) Disputed dues - MSME | | | | | | **-** |
| (iv) Disputed dues - Others | | | | | | **-** |
| | **-** | **965.13** | **-** | **-** | **-** | **965.13** |

**20 Other financial liabilities**

| | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Accrued expense payable | 1.64 | 1.67 |
| Employee benefits payable | 9.52 | 5.30 |
| | **11.16** | **6.97** |

**21 Other current liabilities**

| | | |
|---|---|---|
| Advance received from customers | 31.32 | 2,147.31 |
| Statutory dues payable | 12.87 | 5.86 |
| 'Rent secuirty Deposits | - | - |
| | **44.19** | **2,153.17** |

**22 Provisions**

| | | |
|---|---|---|
| Provision for gratuity | 0.31 | 0.27 |
| Provision for leave encashment | 0.22 | 0.17 |
| | **0.53** | **0.44** |

(All amounts in Millions, unless otherwise stated)

**Note 38: Revenue from contracts with customers**

The Company has initially applied Ind AS 115 - Revenue from contracts with customers from 1 April 2018. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.
The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018).

After evaluation of all the live contracts as on 1st April, 2018 there is no material impact on application of Ind AS 115 on financial statements.

**(a) Reconciliation of revenue recognised with the contracted price is as follows:**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Gross Sales (Contracted Price) | 12,536.34 | 10,997.82 |
| Reductions towards variable consideration (Discount & Delayed Delivery Charges) | - | (3.70) |
| **Revenue recognised** | **12,536.34** | **10,994.12** |

The Company derives its revenue from contracts with customers for the transfer of goods and services at a point in time and over the period in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108.

| Sr.No | Item description |
|---|---|
| 1 | Transmission receiver group modules, Missile switching units, Power supplies, filters, transmitter modules, receiver modules |
| 2 | Cable & Wire harness assemblies |
| 3 | Electronic & Electro mechanical components |

**(b) Recognition of revenue as per IND AS 115**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Revenue recognised at point in time | 12,467.62 | 10,976.66 |
| Revenue recognised over the period | 68.72 | 17.46 |
| **Total** | **12,536.34** | **10,994.12** |

**(c) Revenue from products:**

| Country / Region | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Exports | 8,847.25 | 6,116.94 |
| Deemed Exports | 3,551.81 | 4,844.46 |
| Domestic | 68.56 | 15.26 |
| **Total revenue** | **12,467.62** | **10,976.66** |

(All amounts in Millions, unless otherwise stated)

| | | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| **23** | **Revenue from operations** | | |
| | Sale of products | 12,467.62 | 10,976.66 |
| | Sale of services | 68.72 | 17.46 |
| | Other operating revenue | | |
| | MEIS incentive received | | 28.61 |
| | | **12,536.34** | **11,022.73** |

Refer note no. 38 for further disclosures.

| | | | |
|---|---|---|---|
| **24** | **Other income** | | |
| | Interest on fixed deposits | 294.07 | 220.24 |
| | Other income | 0.10 | 0.37 |
| | Profit on sale of used Asset | 1.31 | - |
| | | **295.48** | **220.61** |
| **25** | **Cost of materials consumed** | | |
| | Opening Stock | 272.51 | 1,304.33 |
| | Import purchases | 1,377.84 | 1,770.47 |
| | Local purchases | 11,833.26 | 6,491.14 |
| | Less:Closing Stock | 853.16 | 272.51 |
| | | **12,630.45** | **9,293.43** |

**26 Changes in inventories of finished goods and work-in-progress**

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Opening inventories** | | |
| Stock in trade | | |
| Raw materials | | |
| Finished goods | | 19.97 |
| Work-in- process | | 692.46 |
| Stores & spares | | |
| **Total (A)** | | **712.43** |
| **Closing Inventories** | | |
| Stock in trade | | |
| Raw materials | | |
| Finished goods | 1,438.46 | |
| Work-in- process | | |
| Stores & spares | | - |
| **Total (B)** | **1,438.46** | **-** |
| **Total (A-B)** | **(1,438.46)** | **712.43** |

(All amounts in Millions, unless otherwise stated)

**27 Employee benefit expenses**

| | | |
|---|---|---|
| Employee Insurance | 0.61 | 0.42 |
| Encashment of earned leave | 1.36 | 1.27 |
| Gratuity | 1.41 | 2.48 |
| Salaries and wages including bonus, incentives | 94.51 | 76.86 |
| Staff welfare expenses | 7.21 | 5.62 |
| | **105.10** | **86.65** |

**28 Finance costs**

| | | |
|---|---|---|
| Bank charges | 13.05 | 8.06 |
| Interest on borrowings | 187.08 | 72.40 |
| Interest on Working Capital Term Loan | 30.00 | 0.71 |
| Other borrowing costs | 26.15 | 32.05 |
| | **256.28** | **113.22** |

**29 Depreciation and amortisation expense**

| | | |
|---|---|---|
| Amortisation of intangible assets (refer note 4) | 0.20 | 1.58 |
| Depreciation of property, plant and equipment (refer note 2) | 18.01 | 20.17 |
| | **18.21** | **21.75** |

**30 Other expenses**

| | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
|---|---|---|
| **Manufacturing service cost expenses** | | |
| Freight expenses | 6.74 | 11.70 |
| Power and fuel expenses | 2.97 | 2.61 |
| Repairs and maintenance | | |
| Building | 0.49 | 0.97 |
| Machinery & others | 1.72 | 1.47 |
| Wages and labour charges | 5.91 | 6.01 |
| Water Charges | 0.37 | 0.53 |
| **Administrative and general expenses** | | |
| Business promotion expenses | 2.90 | 0.99 |
| Communication expenses | 0.75 | 0.53 |
| Director Sitting Fees | 1.20 | 0.30 |
| Insurance | 5.55 | 3.43 |
| Internal Audit fees | 0.60 | |
| Income / (loss) arising from fair valuation of assets through profit & loss | | - |
| Net loss on foreign currency translation | 290.89 | 168.82 |
| Others expenses | 22.03 | 17.84 |
| Professional & consultancy fees | 45.89 | 36.09 |
| Printing and stationery | 0.38 | 0.33 |
| Rent | 0.42 | |
| Rates and taxes | 10.04 | 5.33 |
| Remuneration to auditors | | |
| Statutory audit | 0.78 | 0.73 |
| Tax audit | | |
| Travelling and conveyance | 2.89 | 2.63 |
| | **402.52** | **260.31** |

(All amounts in Millions, unless otherwise stated)

**14 Share capital**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Authorised :** | | |
| 125,000,000 Equity Shares of Rs 2/- Each (31 March 2022 : 3,500,000 equity shares of Rs.10 each.) | 250.00 | 250.00 |
| | **250.00** | **250.00** |
| **TOTAL** | **250.00** | **250.00** |
| **Issued and subscribed and paid up:** | | |
| **Equity share capital** | | |
| 7,74,00,000 equity shares of Rs.2/-each | 154.80 | 154.80 |
| Addition : During the year/period 19,323,671 of equity shares issued at face value of Rs 2/- with premium of Rs 205/- | 38.65 | |
| **TOTAL** | **193.45** | **154.80** |

**Reconciliation of number of shares outstanding at the beginning and end of the year :**

| Equity share : | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| | **Number of Shares*** | **Number of Shares*** |
| Outstanding at the beginning of the year / period | 7,74,00,000.00 | 35,00,000.00 |
| Equity Shares issued during the year in consideration for cash | | |
| IPO | 1,93,23,671.00 | |
| Preferential allotment | - | 1,00,000.00 |
| Right issue | - | 2,70,000.00 |
| **Total number of shares before Sub Division** | **9,67,23,671.00** | **38,70,000.00** |
| Adjustment for subdivision of shares | - | 1,54,80,000.00 |
| Bonus Issue of shares during the year | - | 5,80,50,000.00 |
| **Outstanding at the end of the year** | **9,67,23,671.00** | **7,74,00,000.00** |

* Number of shares is presented as absolute number.

**Terms / Rights attached to each classes of shares**

**Rights, preferences and restrictions attached to equity and preference shares**

Equity shares

| | |
|---|---|
| As to dividend | The Shareholders are entitled to receive dividend in proportion to the amount of paid up equity shares held by them. The Company has not declared any dividend during the year. |
| As to repayment of capital | In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining asset of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. |
| As to voting | The Company has Equity Shares of Rs. 2.00 each and each holder of the equity share is entitled to one vote per share. |

(All amounts in Millions, unless otherwise stated)

**Shareholders holding more than 5% shares in the Company is set out below:**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Equity shares of Rs 2 each fully paid | | Equity shares of Rs 2 each fully paid | |
| | Number of Shares* | Number of Shares % | Number of Shares* | Number of Shares % |
| M/s NCBG Holdings Inc | 3,18,84,542.00 | 32.965% | 3,43,00,000.00 | 44.32% |
| M/s VNG Technology Pvt Ltd | 3,18,84,542.00 | 32.965% | 3,43,00,000.00 | 44.32% |
| H S Raghavendra Rao | 56,12,558.00 | 5.80% | 74,00,000.00 | 9.56% |

**Promoters Shareholding in the Company is set out below:**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Equity shares of Rs 2 each fully paid | | Equity shares of Rs 2 each fully paid | |
| | Number of Shares* | Number of Shares % | Number of Shares* | Number of Shares % |
| M/s NCBG Holdings Inc | 3,18,84,542.00 | 32.965% | 3,43,00,000.00 | 44.32% |
| M/s VNG Technology Pvt Ltd | 3,18,84,542.00 | 32.965% | 3,43,00,000.00 | 44.32% |
| H S Raghavendra Rao | 56,12,558.00 | 5.80% | 74,00,000.00 | 9.56% |

* Number of shares is presented as absolute number.

**15 Other equity**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Reserves and surplus** | | |
| A. Retained earnings | 1,756.08 | 1,021.10 |
| B. Securities premium | 3,717.68 | - |
| | **5,473.76** | **1,021.10** |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **A. Retained earnings** | | |
| Balance at the beginning of current reporting year | 1,021.10 | 432.86 |
| Profit for the year | 716.81 | 656.08 |
| Less: Utilized for issue of Balance Bonus Shares | | (67.63) |
| Other comprehensive (loss)/ income | | |
| -Remeasurements of defined benefit liability / (asset) (net of tax) | 0.67 | (0.21) |
| -Hedge Reserve | 17.50 | |
| | **1,756.08** | **1,021.10** |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **B. Securities premium** | | |
| Opening balance | - | - |
| Add : Proceeds from issue of Shares | 3,961.35 | 48.47 |
| Less : Public issue expenditure | (243.67) | |
| Less : Utilized for issue of Bonus Shares | - | (48.47) |
| | **3,717.68** | **-** |

(All amounts in Millions, unless otherwise stated)

## 31 Taxes

### (a) Statement of profit or loss

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Current tax:** | | |
| Current income tax charge | (150.44) | (132.02) |
| Deferred tax | (0.57) | 2.59 |
| MAT Credit Entitlement | 10.10 | 29.96 |
| **Income tax expense reported in the statement of profit or loss** | **(140.91)** | **(99.47)** |

### (b) Other comprehensive income (OCI)

Taxes related to items recognised in OCI during in the period

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Deferred tax** | | |
| Remeasurements gains and losses on post employment benefits | (0.14) | 0.11 |
| **Income tax recognised in OCI** | **(0.14)** | **0.11** |

### (c) Balance sheet

**Current tax assets**

| Particulars | For the year ended 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Non- current tax assets | - | - |
| Current tax assets | 13.87 | |
| **Total tax assets** | **13.87** | **-** |

**Current tax liabilities**

| Particulars | For the year ended 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Income tax (net of advance tax) | - | 87.96 |
| **Total current tax liabilities** | **-** | **87.96** |

(All amounts in Millions, unless otherwise stated)

**(d) Deferred tax liabilities / assets**

| Particulars | For the year ended 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Income tax relating to remeasurements of defined benefit liability / (asset) | (0.14) | |
| Income tax relating to items that will be reclassified to profit or loss | (3.70) | |
| Fair valuation of Security deposits | - | |
| Excess of depreciation/amortisation on property plant and equipment under income tax act | 3.98 | 4.28 |
| Gratuity provision | 1.88 | 2.36 |
| Leave encashment | 1.63 | 1.42 |
| MAT Credit | 40.07 | 29.96 |
| **Net deferred tax liability/(asset)** | **43.72** | **38.02** |

(All amounts in Millions, unless otherwise stated)

**32 Earnings Per Share**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Profits attributable to equity shareholders** | | |
| Profit for the year | **716.81** | **656.08** |
| **Basic Earnings Per Share** | | |
| Weighted average number of equity shares outstanding during the year | 8,49,70,644 | 7,13,80,274 |
| **Basic EPS (Rs.)** | **8.44** | **9.19** |
| **Diluted Earnings Per Share** | | |
| Profit for the year | **716.81** | **656.08** |
| Weighted average number of equity shares outstanding during the year | 8,49,70,644 | 7,13,80,274 |
| **Diluted EPS (Rs.)** | **8.44** | **9.19** |

| Weighted average number of equity shares for Basic and Diluted Earnings Per Share | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Balance at the beginning of the period of Rs. 2 each (Rs 10 each for Previous year) | 7,74,00,000 | 35,00,000 |
| Issued during the period | 1,93,23,671 | 3,70,000 |
| **Total** | **9,67,23,671** | **38,70,000** |
| Adjustment for subdivision of shares | | 1,93,50,000 |
| Bonus Issue of shares during the year | | 5,80,50,000 |
| | 9,67,23,671 | 7,74,00,000 |
| **Weighted average number of equity shares outstanding during the period** | **8,49,70,644** | **7,13,80,274** |

* Number of shares is presented as absolute number.

**33 Contingent liabilities, contingent assets and commitments :**

**(a) Contingent liabilities**

| Particulars | Currency | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| Bank guarantees | INR | 3,353.73 | 4,807.93 |
| Corporate Guarantee provided to wholly owned Subsidiary | INR | 450.00 | |
| Letter of Credit (LC) | INR | 129.04 | |

**(b) Commitments**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 69.86 | - |
| | | - |

**34 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Principal amount remaining unpaid to any supplier as at the end of the period/year | | |
| Trade payables | 5.47 | 452.63 |
| Capital creditors | - | - |
| Interest due thereon remaining unpaid to any supplier as at the end of the period/year | | |
| Trade payables | - | - |
| Capital creditors | - | - |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act 2006 | - | - |
| The amount of payment made to micro and small supplier beyond the appointed day during each accounting year. | - | - |
| The amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of the accounting year. | - | - |
| The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**DCX Systems Limited (formerly known as DCX CABLE ASSEMBLIES PRIVATE LIMITED)**
**Significant accounting policies and notes to the financial information (continued)**
(All amounts in Millions, unless otherwise stated)

**35 Related Party Disclosures**

**(a) List of Related Parties and description of relationship:**

| | | Nature of relation |
|---|---|---|
| 1 | Mr .H S Raghavendra Rao | Chairman and Managing Director |
| 2 | Mr.Neal Jeremy Castleman | Director |
| 3 | Mr.R.Sankarakrishnan | Director(Whole time Director upto Dec-2022) |
| 4 | Mr. Anand S | Key Managerial Personnel and Director of a Promoter company |
| 5 | M/S VNG Technology Pvt Ltd., | Promoter group Company |
| 6 | M/S NCBG Holdings Inc | Associate Company |
| 7 | M/S DCX Chol Enterprises Inc | Common Directorship |
| 8 | M/S RNSE-TRONICS Pvt Ltd., | Promoter group Company |
| 9 | M/S Raneal Technologies Pvt Ltd., | Promoter group Company |
| 10 | M/S Raneal Advanced Systems Pvt Ltd., | Wholly Owned Subsidiary |
| 11 | Mr.Ranga K S | Chief financial officer and Director of a wholly owned Subsidiary Company |
| 12 | Mr.Shiva Kumara R | Key Managerial Personnel and Director of a Promoter group company and also Director of a wholly owned Subsidiary Company |
| 13 | Mr.Prasanna Kumar T S | Key Managerial Personnel |
| 14 | Mr.Nagaraj R Dhavaskar | Company Secretary , Legal and Compliance Officer |
| 15 | Mr.Pramod. B | Key Managerial Personnel and Director of a Promoter group company |
| 16 | Mr.G S Manjunath | Key Managerial Personnel |
| 17 | Mr.Kiran Kumar K S | Key Managerial Personnel(during the year upto Jan-2023) |
| 18 | Mr.Atul D Mutthe | Key Managerial Personnel |
| 19 | Mr.Rajanikanth K N | Key Managerial Personnel |
| 20 | Mr.Harsha H.M | Director of a Promoter group company |

**(b)**

| Sl.No. | Related parties | Nature of transactions | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|---|
| | | **Purchase** | | |
| 1 | M/S DCX Chol Enterprises Inc | Purchases of Raw Materials | 3.82 | 35.58 |
| 2 | M/S RNSE-TRONICS Pvt Ltd | Purchases of Raw Materials | 7,450.56 | 2,783.82 |
| | | **Sales** | | |
| 3 | M/S DCX Chol Enterprises Inc | Export of Finished Goods | 24.38 | 0.01 |
| | | **Expenditure** | | |
| 4 | Mr. H.S. Raghavendra Rao | Salary | 22.89 | 29.20 |
| 5 | Mr. Anand S | Salary | 2.59 | 1.73 |
| 6 | Mr.R.Sankarakrishnan | Professional Fee | - | 1.25 |
| 7 | Mr.R.Sankarakrishnan | Salary | 2.47 | 0.53 |
| 8 | Mr.Ranga K S | Salary | 4.61 | 1.26 |
| 9 | Mr.Shiva Kumara R | Salary | 4.45 | 1.88 |
| 10 | Mr.Prasanna Kumar T S | Salary | 3.03 | 2.70 |
| 11 | Mr.Nagaraj R Dhavaskar | Salary | 1.21 | 0.35 |
| 12 | Mr.Pramod. B | Salary | 2.59 | 1.30 |
| 13 | Mr.G S Manjunath | Salary | 1.64 | 1.38 |
| 14 | Mr.Kiran Kumar K S | Salary | 1.48 | 1.40 |
| 15 | Mr.Atul D Mutthe | Salary | 1.33 | 0.43 |
| 16 | Mr.Rajanikanth K N | Salary | 1.46 | 1.30 |
| 17 | M/S DCX Chol Enterprises Inc | Reimbursement of expenses | 0.13 | 1.70 |
| 18 | Mr.Harsha H.M | Professional Fee | 0.78 | - |
| 19 | Mr.Harsha H.M | Professional Fee(Arrears) | 0.65 | - |
| | **TOTAL** | | **7,530.07** | **2,865.82** |
| | | **Payable** | | |
| 20 | M/S DCX Chol Enterprises Inc | Payable / (Receivable) | (31.63) | 1.53 |
| 21 | M/S RNSE-TRONICS Pvt Ltd., | Payable / (Advance) | 128.77 | 419.85 |
| 22 | Mr.R.Sankarakrishnan | Salary Payable | - | 0.16 |
| 23 | Mr .H S Raghavendra Rao | Salary Payable | 1.10 | 0.67 |
| 24 | Anand S | Salary Payable | 0.17 | 0.12 |
| 25 | Mr.Ranga K S | Salary Payable | 0.27 | 0.17 |
| 26 | Mr.Shiva Kumara R | Salary Payable | 0.25 | 0.26 |
| 27 | Mr.Prasanna Kumar T S | Salary Payable | 0.18 | 0.19 |
| 28 | Mr.Nagaraj R Dhavaskar | Salary Payable | 0.09 | 0.08 |
| 29 | Mr.Pramod. B | Salary Payable | 0.16 | 0.16 |
| 30 | Mr.G S Manjunath | Salary Payable | 0.11 | 0.10 |
| 31 | Mr.Kiran Kumar K S | Salary Payable | - | 0.13 |
| 32 | Mr.Atul D Mutthe | Salary Payable | 0.10 | 0.09 |
| 33 | Mr.Rajanikanth K N | Salary Payable | 0.10 | 0.10 |
| 34 | Mr.Harsha H.M | Payable / (Advance) | (1.24) | - |

DCX Systems Limited (formerly known as DCX CABLE ASSEMBLIES PRIVATE LIMITED)

**Significant accounting policies and notes to the financial information (continued)**

(All amounts in Millions, unless otherwise stated)

**36 Fair value measurements**

**(a) Categories of financial instruments -**

| Particulars | As at 31 March 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair values | | | |
| | | FVTPL | FVTPL | FVTOCI | Amortised cost |
| **Category** | | **Level 1** | **Level 3** | **Level 3** | **Level 2** |
| **Financial assets** | | | | | |
| Trade receivables | 3,195.32 | - | - | - | 3,195.32 |
| Cash and cash equivalents | 136.71 | - | - | - | 136.71 |
| Other bank balances | 5,821.76 | - | - | - | 5,821.76 |
| Other financial assets | 52.00 | - | - | - | 52.00 |
| **Total financial assets** | **9,205.78** | **-** | **-** | **-** | **9,205.78** |
| | | | | | |
| **Financial liabilities** | | | | | |
| Borrowings | 5,037.11 | - | - | - | 5,037.11 |
| Trade payables | 1,362.54 | - | - | - | 1,362.54 |
| Working Capital Term Loan | 57.70 | | | | 57.70 |
| Other financial liabilities | 11.16 | - | - | - | 11.16 |
| **Total financial liabilities** | **6,468.51** | **-** | **-** | **-** | **6,468.51** |

| Particulars | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair values | | | |
| | | FVTPL | FVTPL | FVTOCI | Amortised cost |
| **Category** | | **Level 1** | **Level 3** | **Level 3** | **Level 2** |
| **Financial assets** | | | | | |
| Trade receivables | 694.94 | - | - | - | 694.94 |
| Cash and cash equivalents | 1,884.79 | - | - | - | 1,884.79 |
| Other bank balances | 6,118.44 | - | - | - | 6,118.44 |
| Other financial assets | 53.86 | - | - | - | 53.86 |
| **Total financial assets** | **8,752.03** | **-** | **-** | **-** | **8,752.03** |
| | | | | | |
| **Financial liabilities** | | | | | |
| Borrowings | 4,671.80 | - | - | - | 4,671.80 |
| Trade payables | 965.13 | - | - | - | 965.13 |
| Working Capital Term Loan | 354.40 | | | | 354.40 |
| Other financial liabilities | 6.97 | - | - | - | 6.97 |
| **Total financial liabilities** | **5,998.30** | **-** | **-** | **-** | **5,998.30** |

**(b) Fair value hierarchy:**

As per Ind AS 107 "Financial Instrument: Disclosure", fair value disclosures are not required when the carrying amounts reasonably approximate the fair value. As illustrated above, all financial instruments of the company which are carried at amortized cost approximates the fair value (except for which the fair values are mentioned). Investments in mutual funds which are designated at fair value through profit and loss (FVTPL).

(All amounts in Millions, unless otherwise stated)

**37 Details of employee benefits as required by Ind-AS 19 - "Employee benefits are as under":**

**(i) Defined contribution plan - Provident fund and other funds**

**The company has recognized following amounts in the profit & loss account for the year/ period:**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Provident fund** | | |
| Employer's Contribution | 4.17 | 3.47 |
| Administration charges | 0.17 | 0.23 |
| **Employer's Contribution to ESI (Employee State Insurance)** | 0.19 | 0.30 |
| | **4.53** | **4.00** |

**(ii) Defined benefit plan**

1) The defined benefit plan comprises gratuity, which is funded.
2) Actuarial gains and losses in respect of defined benefit plans are recognized in the Other Comprehensive Income (OCI).
The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.
These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

**The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in balance sheet for the plan.**

**Changes in the present value of the defined benefit obligation are as follows :**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Present Value of Benefit Obligation at the Beginning of the Period** | 6.76 | 5.76 |
| Interest cost | 0.49 | 0.39 |
| Current service cost | 1.30 | 1.02 |
| Benefits paid | (0.07) | (0.74) |
| Actuarial (Gains)/Losses on Obligations | - | - |
| - Due to Change in Financial Assumptions | (0.23) | 0.94 |
| - Due to Change in Demographic Assumptions | - | - |
| - Due to Experience | (0.58) | (0.61) |
| **Present value of obligation at the end of the period / year** | **7.67** | **6.76** |

**Changes in the fair value of plan assets are as follows:**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Fair value of plan assets at the beginning of the period / year** | | - |
| Interest income | | - |
| Contributions | 0.07 | 0.74 |
| Mortality charges and taxes | | |
| Benefits paid | (0.07) | (0.74) |
| Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss) | | |
| **Fair value of Plan assets at end of the period / year** | **-** | **-** |

**Net interest cost for current period**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Interest Cost | 0.49 | 0.39 |
| Interest Income | - | - |
| **Net Interest Cost for Current Period** | **0.49** | **0.39** |

**Net employee benefit expense on account of gratuity recognised in employee benefit expenses**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Current service cost | 1.30 | 1.02 |
| Net interest (Income)/ Expense | 0.49 | 0.39 |
| **Net benefit expense** | **1.79** | **1.41** |

**Amount recognised in the statement of other comprehensive income**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Re-measurement for the year - obligation (gain) / loss | 0.81 | (0.32) |
| Re-measurement for the year - plan assets (gain) / loss | - | - |
| **Total re-measurements cost / (credit) for the period / year recognised in other comprehensive income** | **0.81** | **(0.32)** |

(All amounts in Millions, unless otherwise stated)

**Net Defined Benefit Liability/(Asset) for the period / year**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Defined Benefit Obligation | 7.67 | 6.76 |
| Fair value of plan assets | - | - |
| **Closing net defined benefit liability/(asset)** | **7.67** | **6.76** |

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Current** | 0.31 | 0.27 |
| **Non-Current** | 7.36 | 6.49 |

**The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:**

**Assumptions**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| | % | % |
| Mortality table | **100% of IALM 2012-14** | **100% of IALM 2012-14** |
| Discount rate | 7.52% | 7.28% |
| Rate of increase in compensation levels | 10.00% | 10.00% |
| Withdrawal rate # | | |
| Age up to 30 years | 5.00% | 5.00% |
| Age 31 - 40 years | 5.00% | 5.00% |
| Age 41 - 50 years | 5.00% | 5.00% |
| Age above 50 years | 5.00% | 5.00% |

**A quantitative sensitivity analysis for significant assumption as at 31 March 2023 is as shown below:**

| Assumptions | Defined benefit obligation As at 31 March 2023 | |
|---|---|---|
| | Increase by 100 basis points | Decrease by 100 basis points |
| Delta effect of 1% change in rate of discounting | (0.87) | 1.06 |
| Delta effect of 1% change in rate of salary increase | 0.84 | (0.75) |
| Delta effect of 1% change in rate of employee turnover | (0.19) | 0.22 |

**A quantitative sensitivity analysis for significant assumption as at 31 March 2022 is as shown below:**

| Assumptions | Defined benefit obligation As at 31 March 2022 | |
|---|---|---|
| | Increase by 100 basis points | Decrease by 100 basis points |
| Delta effect of 1% change in rate of discounting | (0.79) | 0.97 |
| Delta effect of 1% change in rate of salary increase | 0.77 | (0.67) |
| Delta effect of 1% change in rate of employee turnover | (0.18) | 0.21 |

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

**Expected future benefit payments**

The following benefit payments, for each of the next five years and the aggregate five years thereafter, are expected to be paid:

| Duration of defined benefit payments | 31 March 2023 | 31 March 2022 |
|---|---|---|
| 1st Following Year | 0.30 | 0.27 |
| 2nd Following Year | 0.31 | 0.29 |
| 3rd Following Year | 0.34 | 0.29 |
| 4th Following Year | 0.36 | 0.32 |
| 5th Following Year | 0.39 | 0.33 |
| After 5th Year | 24.54 | 21.69 |

(All amounts in Indian Rupees, unless otherwise stated)

**39 Financial risk management**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies. The board regularly meets to decide its risk management activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is also assisted by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

The Company has exposure to the following risks arising from financial instruments:
- credit risk - see note (a) below
- liquidity risk - see note (b) below
- market risk - see note (c) below

**(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess impairment loss or gain. The Company uses a matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and Company's historical experience for customers.

**(i)** The company has not made any provision on expected credit loss on trade receivables and other financials assets, based on the management estimates.

**(ii)** Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department is responsible for liquidity and funding. In addition policies and procedures relating to such risks are overseen by the management.

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from the operations.

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Total current assets (A) | 11,913.19 | 9,237.93 |
| Total current liabilities (B) | 6,455.53 | 7,885.47 |
| **Working capital (A-B)** | **5,457.66** | **1,352.46** |
| **Current Ratio:** | **1.85** | **1.17** |

**Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.**

| | As at 31 March 2023 | | | |
|---|---|---|---|---|
| | | Contractual cash flows | | |
| | Carrying value | Less than 1 year | More than 1 year | Total |
| Borrowings | 5,094.82 | 5,037.11 | 57.70 | 5,094.82 |
| Trade payables | 1,362.54 | 1,346.83 | 15.72 | 1,362.54 |
| Other liabilities | 11.16 | 4.19 | 6.97 | 11.16 |

| | As at 31 March 2022 | | | |
|---|---|---|---|---|
| | | Contractual cash flows | | |
| | Carrying value | Less than 1 year | More than 1 year | Total |
| Borrowings | 5,026.20 | 4,671.80 | 354.40 | 5,026.20 |
| Trade payables | 965.13 | 965.13 | | 965.13 |
| Other liabilities | 6.97 | 6.97 | - | 6.97 |

**(c) Market risk**

Market risk is the risk that changes with market prices – such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(1) Foreign currency risk :**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in its functional currency (INR) and in other foreign currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expense is denominated in a foreign currency.

(All amounts in Indian Rupees, unless otherwise stated)

**Following is outstanding foreign currency unhedged exposure :**

**(i) Financial assets**

| Financial assets | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Foreign currency | Equivalent amount in rupees | Foreign currency | Equivalent amount in rupees |
| **USD** | | | | |
| **Trade receivables** | | | | |
| USD | | | 9.03 | 684.24 |
| Euro | | | - | - |
| **Advance to suppliers** | | | | |
| USD | 3.59 | 295.16 | 2.11 | 159.87 |
| Euro | 0.02 | 1.86 | 0.01 | 0.45 |
| GBP | - | - | 0.00 | 0.32 |
| **Balance with banks - in EEFC accounts** | 0.08 | 6.78 | 19.38 | 1,468.83 |
| | **3.69** | **303.80** | **30.53** | **2,313.71** |

**Note:** Amounts seen as (0.00) are below the disclosure threshold of the company.

**(ii) Financial liabilities**

| Financial liabilities | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Foreign currency | Equivalent amount in rupees | Foreign currency | Equivalent amount in rupees |
| **USD** | | | | |
| **Trade payable** | | | | |
| USD | 14.53 | 1,194.91 | 12.31 | 932.78 |
| Euro | 0.18 | 16.32 | 0.15 | 12.77 |
| GBP | - | - | - | - |
| **Packing credit in foreign currency** | - | - | 61.63 | 4,671.80 |
| **Advance from customer** | | | 27.95 | 2,118.96 |
| | **14.71** | **1,211.23** | **102.04** | **7,736.31** |

**(iii) Currency wise net exposure (Financial assets - Financial liabilities)**

| Currency wise net exposure (assets - liabilities) | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| **Particulars** | Foreign currency | Equivalent amount in rupees | Foreign currency | Equivalent amount in rupees |
| USD | (10.86) | (892.97) | (71.38) | (5,410.60) |
| EUR | (0.16) | (14.45) | (0.15) | (12.32) |
| GBP | - | - | - | 0.32 |
| **Total** | **(11.02)** | **(907.41)** | **(71.53)** | **(5,422.60)** |

**(iv) Sensitivity analysis**

| | Impact on profit/equity (1% strengthening) | | Impact on profit/equity (1% weakening) | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| USD | (8.93) | (54.11) | 8.93 | 54.11 |
| EUR | (0.14) | (0.12) | 0.14 | 0.12 |
| GBP | - | - | 0.00 | (0.00) |
| **Total** | **(9.07)** | **(54.23)** | **9.07** | **54.23** |

**(2) Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rates by selection appropriate type of borrowings and by negotiation with the bankers.

**The exposure of the borrowings (long term and short term ) to interest rate changes at the end of the reporting period are as follows:**

| **Particulars** | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Variable rate borrowings | 5,037.11 | 5,026.20 |
| Fixed rate borrowings | 57.70 | - |
| **Total borrowings** | **5,094.82** | **5,026.20** |

**Sensitivity analysis**

**Impact on profit before tax /pre- tax equity :**

| **Particulars** | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Increase by 50 basis points | (25.19) | (25.13) |
| Decrease by 50 basis points | 25.19 | 25.13 |

**40 Capital management**

The Company's capital comprises equity share capital, surplus in the statement of profit and loss and other equity attributable to equity holders.

The Company's objectives when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders,
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using debt-equity ratio, which is net debt divided by total equity. These ratios are illustrated below:

| **Particulars** | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Total liabilities** | 6,525.63 | 8,250.25 |
| **Less: cash and cash equivalents and bank balances** | 5,958.47 | 8,003.23 |
| **Net debt** | 567.16 | 247.03 |
| **Total equity** | 5,667.21 | 1,175.90 |
| **Debt-equity ratio** | 0.10 | 0.21 |

**41 Operating Segment**

(a) The Company is exclusively engaged in the business of manufacturing of electronic sub-systems and cable harness for both international and domestic aerospace and defence sector. These in the context of the Ind AS 108 Operating Segment, are considered to constitute one single primary segment. .

**42** Previous year's figures have been regrouped/reclassified wherever necessary to conform current year's presentation.The Company does not have any Exceptional Item to report for the current period.

**43** The financial statements has been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May , 2023.

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**
**Significant accounting policies and notes to the consolidated financial information (continued)**
**(All amounts in Millions, unless otherwise stated)**

**44 A** Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements (refer para 2 of division 2 to the schedule 3 of companies act,2013)

| **Name of entity** | **Net assets** | | **Share in profit or loss** | | **Share in other comprehensive income** | | **Share in total comprehensive income** | |
|---|---|---|---|---|---|---|---|---|
| | **% of consolidated net assets** | **Amount** | as % of consolidated profit or loss | **Amount** | **as % of consolidated other comprehensive income** | **Amount** | **as % of consolidated total comprehensive income** | **Amount** |
| **Parent** | | | | | | | | |
| DCX Systems Limited | 99.942 | 5,667.21 | 99.540 | 716.81 | 100.000 | 0.67 | 99.553 | 734.98 |
| Adjustment arising out of consolidation-Eqyity investment | - | | | | | | | |
| **Indian subsidiaries** | | | | | | | | |
| Raneal advanced sysetms private limited | 0.06 | 3.31 | 0.46 | 3.31 | - | - | 0.45 | 3.31 |
| **Foreign subsidiaries** | | | | | | | | |
| Associate | | | | | | | | |
| **Total** | **100.00** | **5,670.52** | **100.00** | **720.12** | **100.00** | **0.67** | **100.00** | **738.28** |

**44. B Pending Litigation**

| Name of the Statute | Nature of the Dues | Amount | Amount Paid under protest | Period to which the amount relates | Forum |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 0.43 | Nil | AY 2021-22 | ITO Ward -2 (1)(3) |
| Income Tax Act, 1961 | Income Tax | 3.63 | 0.95 | AY 2020-21 | COMMISSIONER OF INCOME TAX (APPEALS), |
| Income Tax Act, 1961 | Interest on Income Tax | 0.00 (Rs. 73.00) | Nil | AY 2014-15 | ITO Ward -2 (1)(3) |

**For**
**NBS & Co.**
**Chartered Accountants**
**FRN: 110100W**

PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY
Date: 2023.05.19 18:54:54 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN:23046940BGPTTX3498

**For and on behalf of the Board of Directors of**
**DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)**
**CIN: U31908KA2011PLC061686**

H S RAGHAVENDRA RAO
Digitally signed by H S RAGHAVENDRA RAO
Date: 2023.05.19 18:38:20 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM
Date: 2023.05.19 18:38:39 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S
Date: 2023.05.19 18:38:57 +05'30'

K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar
Date: 2023.05.19 18:39:22 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No:F12503

# INDEPENDENT AUDITOR'S REPORT

**To**
**The Board of Directors**
**DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd)**

**Report on the audit of the Consolidated Financial Statements**

## Opinion

We have audited the accompanying Consolidated Financial Statements of **DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd)** ("the Holding Company") and its subsidiary (the Holding company and its subsidiaries together referred to as "the Group"), which comprises the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss(including other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information(hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2023, its consolidated loss and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 audit opinion.

## Key Audit Matters

Key Audit Matters are those matters that in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the Financial year ended March 31, 2023. We have determined that there are no key audit matters to communicate in our report.

**Information other than the Consolidated Financial Statements and Auditors' Report thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

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

**Management's responsibility for the Consolidated Financial Statements**

The Holding 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 Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including consolidated other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Holding Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management of the holding company is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
ii. 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 Companies Act, 2013, 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.
iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

**Other Matters**

We did not audit the financial statement of subsidiary included in the consolidated Ind-AS financial statements whose financial statements reflect Group's share of total assets of Rs. 150.92 million as at March 31, 2023, Group's share of total revenue of Rs. 1.71 million and Group's share of total net profit after tax of Rs (3.30) Million and Group's share of total comprehensive income of Rs. Nil for the year ended March 31, 2023, and net cash flows of Rs. 43.31 million for the year ended March 31, 2023. These financial statements have been audited by other independent auditors whose reports have been furnished to us by the management of the Holding Company and has been relied upon by us for the purpose of our audit and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us as described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report.

Our opinion on the Consolidated Ind-AS financial Statements is not modified in respect of the above matters.

**Report On Other Legal and Regulatory Requirements**

1. As per section 177 (1) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Powers) rules 2014, it is mandatory for the company to constitute an Audit Committee.
2. The Holding Company being listed company is required to comply with section 149(4) of the Companies Act 2013 regarding minimum number of independent directors on the Board.
3. As required by Section 143 (3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Consolidated Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   e. As per notification no. G.S.R 463 (E) dated June 05, 2015, the Government companies are exempted from provisions of section 164(2) of the Act. Accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section.
   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 A"**; and
   g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Holding Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements (Refer note no. 44 (b) to the consolidated financial statements);

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31st March 2023.

iv. (a) The management of the Holding company and its subsidiary which is incorporated in India, whose financials statements have been audited under the Act, has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds 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(s) or entity(ies), including foreign entities ("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 of the Holding Company and its subsidiary which is incorporated in India, whose financials statements have been audited under the Act, has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("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; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

h. No dividend has been declared or paid during the year by the company.

i. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, for maintaining books of account using accounting software which has a feature of recording audit trail facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014, is not applicable for the financial year ended March 31, 2023.

j. With respect to the matters specified in paragraphs 3 (xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143 (11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

**For NBS & CO.**
**Chartered Accountants**
**Firm Registration No.110100W**

**Pradeep Shetty**
**Partner**
**Membership No. 046940**
**UDIN: 23046940BGPTTX3498**

**Place: Mumbai**
**Date: May 19, 2023**

# NBS & CO.
Chartered Accountants

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our Independent auditors report of even date on the financial statements of **DCX Systems Limited (Formerly known DCX Cables Assemblies Pvt Ltd)** for the year ended March 31, 2023)

**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 **DCX Systems Limited(Formerly known DCX Cables Assemblies Pvt Ltd)** ("the Holding Company") as of March 31, 2023 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

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

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 group'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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 judgment, including the assessment of the risks of material misstatement of the consolidated 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 Group'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 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 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 consolidated 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 Group has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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 NBS & CO.**
**Chartered Accountants**
**Firm Registration No.110100W**

**Pradeep Shetty**
**Partner**
**Membership No. 046940**
**UDIN: 23046940BGPTTX3498**

**Place: Mumbai**
**Date: May 19, 2023.**

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**

**Standalone Statement of Assets and Liabilities**

(All amounts in Millions, unless otherwise stated)

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *2* | 108.18 | 107.94 |
| Capital work-in-progress | *2* | 18.65 | |
| Right-of-use assets | *3* | 43.00 | 38.10 |
| Other intangible assets | *4* | 0.43 | 0.48 |
| Financial assets | | | |
| (i) Investments | *5* | 66.00 | 1.00 |
| (ii) Other financial assets | *6* | 30.71 | 3.18 |
| Deferred tax assets (net) | *31 (d)* | 43.72 | 38.02 |
| Other non-current assets | *7* | 0.50 | 0.50 |
| **Total non-current assets** | | **311.19** | **189.22** |
| **Current assets** | | | |
| Inventories | *8* | 2,285.11 | 272.51 |
| Financial assets | | | - |
| (i) Trade receivables | *9* | 3,195.32 | 694.94 |
| (ii) Cash and cash equivalents | *10* | 105.40 | 1,883.79 |
| (iii) Bank balances other than (ii) above | *11* | 5,808.77 | 6,118.44 |
| (iv) Other financial assets | *12* | 21.20 | 50.68 |
| Current tax assets (net) | *31 (c)* | 13.87 | - |
| Other current assets | *13* | 377.42 | 216.57 |
| **Total current assets** | | **11,807.09** | **9,236.93** |
| **Total assets** | | **12,118.28** | **9,426.15** |
| **EQUITY & LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | *14* | 193.45 | 154.80 |
| Other equity | *15* | 5,477.13 | 1,021.17 |
| **Total equity** | | **5,670.58** | **1,175.97** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Long Term Borrowings | *16* | - | 354.40 |
| (ii) Provisions | *17* | 12.40 | 10.38 |
| **Total non-current liabilities** | | **12.40** | **364.78** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | *18* | 5,037.11 | 4,671.80 |
| (ii) Trade payables | *19* | | |
| a) total outstanding dues of MSME | | 4.30 | 452.63 |
| b) total outstanding dues of creditors other than MSME | | 1,336.80 | 512.50 |
| (iii) Other financial liabilities | *20* | 11.02 | 6.91 |
| Other current liabilities | *21* | 45.54 | 2,153.16 |
| Provisions | *22* | 0.53 | 0.44 |
| Current tax liabilities (net) | *31 (c)* | - | 87.96 |
| **Total current liabilities** | | **6,435.30** | **7,885.40** |
| **Total liabilities** | | **6,447.70** | **8,250.18** |
| **Total equity and liabilities** | | **12,118.28** | **9,426.15** |

The above statement should be read with basis of preparation, significant accounting policies and notes

As per our report of even date attached

**For**
**NBS & Co.**
**Chartered Accountants**
**FRN : 110100W**

PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY Date: 2023.05.19 18:56:02 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:19-05-2023
UDIN:23046940BGPTTW2150

For and on behalf of Board of Directors of
**DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)**
CIN: L31908KA2011PLC061686

H S RAGHAVENDRA RAO
Digitally signed by H S RAGHAVENDRA RAO Date: 2023.05.19 18:39:51 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2023.05.19 18:40:11 +05'30'

R Sankarakrishnan
Non-Executive Director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S Date: 2023.05.19 18:40:29 +05'30'

K S Ranga
Chief Financial Officer
Place : Bangalore
Date:19-05-2023

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar Date: 2023.05.19 18:40:48 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**

**Statement of Profit and Loss**

(All amounts in Millions, unless otherwise stated)

| | Note | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | *23* | 12,536.29 | 11,022.73 |
| Other Income | *24* | 295.35 | 220.61 |
| **Total income** | | **12,831.64** | **11,243.34** |
| **Expenses** | | | |
| Cost of materials Consumed | *25* | 12,630.68 | 9,293.43 |
| Changes in inventories of finished goods and work-in-progress | *26* | (1,438.46) | 712.43 |
| Employee benefit expenses | *27* | 104.95 | 86.65 |
| Finance cost | *28* | 255.26 | 113.22 |
| Depreciation and amortisation expenses | *29* | 18.20 | 21.75 |
| Other expenses | *30* | 399.98 | 260.25 |
| **Total expenses** | | **11,970.61** | **10,487.73** |
| **Profit/(loss) before Exceptional Items, and Tax** | | **861.03** | **755.61** |
| **Profit before exceptional items and tax** | | **861.03** | **755.61** |
| **Exceptional items** | | **-** | **-** |
| **Profit before tax** | | **861.03** | **755.61** |
| **Tax expense:** | *31* | | |
| Current tax | | (150.44) | (132.02) |
| Deferred tax | | (0.57) | 2.59 |
| Mat Credit | | 10.10 | 29.96 |
| **Total Tax Expenses** | | (140.91) | (99.47) |
| **Profit for the period (A)** | | **720.12** | **656.14** |
| **Other comprehensive (loss)/ income** | | | |
| **i. Items that will not be reclassified subsequently to profit or loss** | | | |
| (i) Remeasurements of defined benefit liability / (asset) | | 0.81 | (0.32) |
| (i) Income tax relating to remeasurements of defined benefit liability / (asset) | | (0.14) | 0.11 |
| | | **0.67** | **(0.21)** |
| **ii. Items that will be reclassified subsequently to profit or loss ;** | | | |
| (i) The effective portion of gains and loss on hedging instruments in a cash flow hedge | | 21.20 | |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | (3.70) | |
| | | **17.50** | **-** |
| **Total Other comprehensive income (B)** | | **18.17** | **(0.21)** |
| **Total comprehensive income for the period (A+ B)** | | **738.29** | **655.93** |
| **Earnings per equity share [nominal value of Rs. 2]** | | | |
| **Earnings per equity share for Continuing operations** | | | |
| - Basic (Rs.) | | 8.47 | 9.19 |
| - Diluted (Rs.) | | 8.47 | 9.19 |
| **Earnings per equity share for discontinued operations** | | | |
| - Basic (Rs.) | | - | - |
| - Diluted (Rs.) | | - | - |
| **Earnings per equity share for discontinued and continuing operations** | | | |
| - Basic (Rs.) | | 8.47 | 9.19 |
| - Diluted (Rs.) | | 8.47 | 9.19 |
| Summary of Significant Accounting policies | 1 | | |
| Notes to the financial statements | 2 to 45 | | |

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.

As per our report of even date attached

**For**

**NBS & Co.**

**Chartered Accountants**

**FRN : 110100W**

PRADEEP JAGANNATH SHETTY Digitally signed by PRADEEP JAGANNATH SHETTY Date: 2023.05.19 18:57:11 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:19-05-2023
UDIN:23046940BGPTTW2150

**For and on behalf of the Board of Directors of**

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**

CIN: L31908KA2011PLC061686

H S RAGHAVENDRA RAO Digitally signed by H S RAGHAVENDRA RAO Date: 2023.05.19 18:41:06 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2023.05.19 18:41:24 +05'30'

R Sankarakrishnan
Non-Executive Director
DIN : 00078459

Ranga K S Digitally signed by Ranga K S Date: 2023.05.19 18:41:44 +05'30'

K S Ranga
Chief Financial Officer
Place: Bangalore
Date: 19-05-2023

Nagaraj R Dhavaskar Digitally signed by Nagaraj R Dhavaskar Date: 2023.05.19 18:42:02 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**
**Statement of Cash Flows**
(All amounts in Millions, unless otherwise stated)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Profit before tax** | 861.03 | 755.61 |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Interest on fixed deposits | (293.95) | (220.24) |
| Profit on sale of fixed assets | (1.30) | - |
| Interest on borrowings | 187.08 | 72.40 |
| Depreciation and amortisation expense | 18.20 | 21.75 |
| **Operating profit before working capital changes** | **771.06** | **629.52** |
| Movement in working capital: | | |
| (Increase)/Decrease in trade receivables | (2,500.38) | (571.80) |
| (Increase)/Decrease in inventories | (2,012.60) | 1,744.25 |
| (Increase)/Decrease in other current assets | (160.86) | (113.51) |
| (Increase)/Decrease in other non current financial assets | (27.53) | (0.08) |
| (Increase)/Decrease in other current financial assets | 50.68 | (20.14) |
| Increase/(Decrease) in trade payables | 375.97 | (332.86) |
| Increase/(Decrease) in non current provisions | 2.02 | 2.08 |
| Increase/(Decrease) in current provisions | 0.09 | (0.18) |
| Increase/(Decrease) in other current financial liabilities | 4.11 | (158.23) |
| Increase/(Decrease) in other current liabilities | (2,107.63) | (2,393.27) |
| **Cash generated from operations** | **(5,605.07)** | **(1,214.22)** |
| Net income tax (paid) | (251.46) | (126.03) |
| **Net cash from operating activities (A)** | **(5,856.53)** | **(1,340.25)** |
| **B. Cash flows from investing activities** | | |
| Purchase of property, plant and equipment and Other Intangible assets | (28.98) | (16.16) |
| Proceeds from disposal of property, plant and equipment | 7.00 | 3.90 |
| Capital work in progress and capital advance | (18.65) | |
| Investment in Subsidiary | (65.00) | (1.00) |
| Interest received | 293.95 | 220.24 |
| **Net cash used in investing activities (B)** | **188.32** | **206.98** |
| **C. Cash flows from financing activities** | | |
| Working Capital/Term Loan | 10.92 | 3,662.40 |
| Net Proceeds from issue of Shares | 3,756.31 | 52.17 |
| Interest paid | (187.08) | (72.40) |
| **Net cash used in financing activities ( C )** | **3,580.15** | **3,642.17** |
| **Net increase / (decrease) in Cash and cash equivalents (A+B+C)** | **(2,088.06)** | **2,508.90** |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | | |
| Cash and cash equivalents at the beginning of the period / year | 8,002.23 | 5,493.33 |
| **Cash and cash equivalents at the end of the period / year** | **5,914.17** | **8,002.23** |

**Notes:-**

| | | |
|---|---|---|
| 1. Cash and cash equivalents include | | |
| Cash on hand | 0.01 | |
| Balances with bank | | |
| - Current accounts | 105.39 | 1,883.79 |
| Other bank balances | 5,808.77 | 6,118.44 |
| | **5,914.17** | **8,002.23** |

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.

As per our report attached of even date

**For**
**NBS & Co.**
**Chartered Accountants**
**FRN : 110100W**

PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY Date: 2023.05.19 18:58:25 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:19-05-2023
UDIN:23046940BGPTTW2150

**For and on behalf of the Board of Directors of**
**DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)**
CIN: L31908KA2011PLC061686

H S RAGHAVENDRA RAO
Digitally signed by H S RAGHAVENDRA RAO Date: 2023.05.19 18:42:22 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2023.05.19 18:42:43 +05'30'

R Sankarakrishnan
Non-Executive Director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S Date: 2023.05.19 18:43:03 +05'30'

K S Ranga
Chief Financial Officer
Place : Bangalore
Date:19-05-2023

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar Date: 2023.05.19 18:43:23 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

DCX SYSTEMS LIMITED (Formerly known as DCX Cable Assemblies Private Limited)
Note 1 : Significant Accounting Policies forming part of financial statements

1. **Corporate Information:**
   DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited) is one of the leading Indian Defence Manufacturing player offering a full service and manufacture of Electronic Systems and cable harnesses for both International and Domestic reputed customers. The manufacturing facility is located at Plot Nos 29, 30, and 107, Hitech, Defence and Aerospace Park, Devanahalli, Bengaluru, Karnataka – 562110, India.

2. **Significant accounting policies:**
   This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of Preparation and Compliance:**

a. **Preparation of Financial statements:**
   The financial statements, for the financial year 31 March 2023 were prepared based on the accounting standards under IND AS framework.

b. **Statement of compliance:**
   The Financial Statements have been prepared and presented in accordance with Indian Accounting Standards(“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and presentation requirements of division II of schedule III to the companies Act 2013, (Ind As compliant schedule III)

c. **Functional and presentation currency:**
   Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Indian Rupees (INR), which is Company functional and presentation currency.

d. **Basis of measurement:**
   The financial statements have been prepared on a historical cost convention and on accrual basis of accounting except for (i) certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, (ii) Defined benefit plans-plan assets measured at fair value as stated in the accounting policies set out below. The financial statements are prepared on a going concern basis using the accrual concept except for the cash flow information. The accounting policies have been applied consistently over all the periods presented in these financial statements. The said accounts has been approved by the Board of Directors at their meeting held on May 19, 2023. Historical cost is generally based on fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the assets or liability if market participants would take those characteristics into the account when pricing the asset or liability at the measurement date.

**e. Use of estimates, judgements and assumptions:**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, assumptions, uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in relevant notes.

**f. Estimation of uncertainty relating to COVID – 19 outbreak:**

The company has considered internal and external sources of information up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The company has used the principles of prudence in applying the judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the company has accrued its liabilities and also expects to fully recover the carrying amount of trade receivables including intangible assets, investments and derivatives if any. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

**g. Going Concern assumption:**

The management has given the significant uncertainties arising out of the various situations, as explained in the note below, assessed the cash flow projections (based on orders on hand and business forecast) and available liquidity (credit facilities sanctioned by bankers) for a period of at least 12 months from the date of this financial statements. Based on this evaluation, management believes that the company will be able to continue as a going concern in the foreseeable future from the date of these financial statements. Accordingly, the financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets and classification of liabilities that might result, should the company be unable to continue as a going concern.

**h. Current and Non-current classification of assets and liabilities:**

All assets and liabilities have been classified and disclosed as current and non-current as per the companies' normal operating cycle and other criteria set out in Schedule -III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization into cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of classification of assets and liabilities.

**i. Reclassification:**

No such material reclassification done during the year.

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

**Recognition and measurement:**

The Company has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognized as of transition date measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE as on the transition date.

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes purchase price (after deducting trade discount / rebate), non-refundable import duties and taxes, cost of replacing the component parts,

borrowing costs and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
Spare parts procured along with the Plant and Equipment or subsequently which meets the recognition criteria of PPE are capitalized and added to the carrying amount of such items. The carrying amount of those spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.
An item of PPE is de recognized on disposal or when no future economic benefits are expected from use. Any profit or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

**Subsequent costs:**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing the property, plant and equipment are recognized in the statement of profit and loss as incurred.

**Disposal:**

An item of property, plant and equipment is derecognized upon the disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income / expenses in the statement of profit and loss.

**k. Depreciation:**

Depreciation on Property, Plant & Equipment is provided on written down value basis over the estimated economic useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 or as determined based on a technical evaluation by the company periodically. The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognized. Individual assets costing Rs.5000 or less are depreciated in full, in the year of purchase

**l. Impairment of assets:**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**m. Intangible Assets:**

**Recognition and measurement:**

Intangible assets are recognised when the asset is identifiable, is within the control of the

Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually, either individually or at the cash-generating unit level.

Expenditure on Research activities is recognised in the statement of Profit and Loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and to use or sell the asset.
Intangible assets which comprise of the development expenditure incurred on new product and expenditure incurred on acquisition of user licenses for computer software are recorded at their acquisition price. Subscriptions to software are treated as revenue expenses as the economic life of such software does not exceed one year.

**Subsequent measurement:**
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**Amortisation:**
Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

**Disposal:**
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognized.

**n. Investments and other Financial Assets:**

**Fair Value Assessment:**
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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques those 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.
All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

**Subsequent Measurement:**
For purposes of subsequent measurement financial assets are classified in three categories:
- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

**Financial assets measured at amortized cost:**
Financial assets are measured at amortized cost if the financials asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financials assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

**Financial assets at fair value through OCI ('FVTOCI'):**
Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit And Loss. On derecognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss.

**Financial assets at fair value through profit or loss ('FVTPL'):**
Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of Profit and Loss.

**Derecognition:**
The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the

financial asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

**Impairment of Financial Assets:**

The Company assesses impairment based on expected credit loss ('ECL') model on the following:

· Financial assets that are measured at amortised cost; and

· Financial assets measured at FVTOCI

ECL is measured through a loss allowance on a following basis:

· The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)

· Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

**Financial Liabilities:**

The Company's financial liabilities include trade payable.

**A. Initial recognition and measurement:**

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss.

**B. Subsequent measurement:**

The subsequent measurement of financial liabilities depends upon the classification as described below:-

**(i) Financial Liabilities classified as Amortised Cost:**

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Statement of Profit and Loss.

**(ii) Financial Liabilities classified as Fair value through profit and loss (FVTPL):**

Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.

**C. Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**D. Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Other incomes, other than interest and dividend are recognized when the same are due to be received and right to receive such other income is established.

**o. Share Capital and Share Premium:**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

**p. Dividend Distribution to equity shareholders:**

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

**q. Cash Flows and Cash and Cash Equivalents:**

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and book overdrafts. However, Book overdrafts are to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

**r. Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) 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. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

**s. Revenue Recognition and Other Income:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue from sale of goods is recognized, when the control is transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Export incentives under various schemes notified by the government are recognised when no significant uncertainties as to the amount of consideration that would be derived and that the Company will comply with the conditions associated with the grant and ultimate collection exist.

Interest income or expense is recognised using the effective interest rate method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:

'- the gross carrying amount of the financial asset; or

'- the amortised cost of the financial liability.

**t. Leases:**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

'- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

'- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

'- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

# the Company has the right to operate the asset; or

# the Company designed the asset in a way that predetermines how and for what purpose it will be used.

'At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

**Company as a lessee:**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets re determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is change in future lease payments arising from a change in an index or rate, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Leasehold land is amortised over the period of lease being 99 years remaining as on the date of purchase.

**Short-term leases and leases of low-value assets:**

The Company has elected not to recognise right-of-use assets and lease liability for the short-term leases that have lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

**u. Income Taxes:**

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

**Current Tax:**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred Tax:**

Deferred tax is provided using the balance sheet method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the

accounting profit nor taxable profit or loss,

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses (including unabsorbed depreciation) can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in Other comprehensive income r directly in equity. In this case, the tax is also recognized in other comprehensive income or directly or directly in equity respectively.

**Minimum Alternate Tax (MAT):**

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

**v. Employee benefits:**

**(a) Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Undiscounted value of benefits such as salaries, incentives, allowances and bonus are recognized in the period in which the employee renders the related service.

**(b) Long term benefits:**

**Defined Contribution Plans:**

The Company contributes to the employee's approved provident fund scheme. The Company’s contribution paid/payable under the scheme is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related services.

**Defined Benefit Plans:**

Gratuity Liability is a defined benefit obligation and is provided on the basis of an actuarial valuation model made at the end of the Financial Year. At present the company is not maintaining fund with any Asset Management Company towards gratuity.

**Earned Leave:**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. The liability toward leave encashment is provided on the basis of an actuarial valuation model made at the end of the financial year.

**w. Trade Receivables:**

Trade Receivables are the amount due from the customers for the sale of goods and services rendered in the ordinary course of business. Trade receivables are initially recognized at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognized that the fair value. The company holds trade receivables for the receipt of contractual cashflows and therefore measures them subsequently at the amortized cost using effective interest rate method. In respect of advances received from the customers, contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue where the company performs under the contract ( transfer control of the related goods or services to the customers).

**x. Trade Payables:-**

These amounts represents liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per the terms of contract with suppliers.

**y.** Inventories:

a. Raw Materials, Work in Progress, Finished Goods, Packing Materials, Stores, Spares and Consumables are carried at the lower of cost and net realisable value after providing cost of obsolescence.
b. In determining the cost of Raw Materials, Packing Materials, Stores, Spares and Consumables, FIFO Method is used. Cost of Inventory comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
c. Cost of Finished Goods includes the cost of Raw Materials, Packing Materials, an appropriate share of fixed and variable production overheads and other costs incurred in bringing the inventories to their present location and condition.
**d.** Cost of Stock in Trade procured for specific projects is assigned by specific identification of individual costs of each item.

**z. Borrowing Costs:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost that an entity incurs in connection with the borrowings of the funds.

**aa. Earnings per share:**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements and stock split in equity shares issued during the year and excluding treasury shares. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares and stock split, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS adjust the figures used in the determination of basic EPS to consider.

'- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

'- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**bb. Segment Reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified Managing Director as Chief Operating Decision Maker.

**cc. Foreign currency transactions:**

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognized in the statement of profit and loss

**dd. Forward contracts in foreign currencies**

The company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the company and the company does not use the foreign exchange forward contracts for trading or speculation purposes. The company records the gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the profit and loss account of that period. To designate a forward contract as an effective hedge, Management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the profit and loss account.

ee. **Government grants and subsidies**:

Grants / subsidies that compensate the Company for expenses incurred are recognised in the Statement of Profit and Loss as other operating income on a systematic basis in the periods in which such expenses are recognised.

**DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)**

**Statement of Changes in Equity**

(All amounts in Millions, unless otherwise stated)

**(a) Equity share capital**

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Number of Shares* | Amount | Number of Shares* | Amount |
| **Balance at the beginning of the reporting year** | 7,74,00,000.00 | 154.80 | 35,00,000.00 | 35.00 |
| Changes in equity share capital due to prior period errors | - | - | - | - |
| **Restated balance as the the beginning of the reporting period / year** | **7,74,00,000.00** | **154.80** | **35,00,000.00** | **35.00** |
| Changes in equity share capital during the period / year | 1,93,23,671.00 | 38.65 | 7,74,00,000.00 | 119.80 |
| Equity Shares issued during the year in consideration for cash | 1,93,23,671.00 | 38.65 | 3,70,000.00 | 3.70 |
| Bonus Issue of shares during the period | | | 5,80,50,000.00 | 116.10 |
| Number of Shares after Sub division during the year (5 shares for 1 share) | | | 1,93,50,000.00 | - |
| **Balance at the end of the reporting period / year** | **9,67,23,671.00** | **193.45** | **7,74,00,000.00** | **154.80** |

* Number of shares is presented as absolute number.

**(b) Other equity**

| Particulars | TOTAL OTHER EQUITY | |
|---|---|---|
| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
| **RETAINED EARNINGS** | | |
| **Balance at the beginning of current reporting year** | **1,021.17** | **432.86** |
| **Total comprehensive income for the year** | | |
| Profit for the year | 720.12 | 656.14 |
| Other comprehensive income (net of tax) | | |
| - Remeasurements of defined benefit liability / (asset) | 0.67 | (0.21) |
| -Hedge Reserve | 17.50 | |
| Utilized for issue of Bonus Shares | | (67.62) |
| **Total comprehensive income (A)** | **1,759.46** | **1,021.17** |
| **SECURITY PREMIUM** | | |
| **Balance at the beginning of current reporting year** | - | |
| Proceeds from issue of Shares | 3,961.35 | 48.47 |
| Less : Public issue expenditure | (243.68) | |
| Utilized for issue of Bonus Shares | | (48.47) |
| **Total Security Premium (B)** | 3,717.67 | - |
| **Balance at the end of current reporting year (A +B)** | **5,477.13** | **1,021.17** |

**Nature and purpose of reserves**

**i) Retained earnings**

Retained earnings comprises of undistributed earnings after taxes.

**ii) Securities premium**

Securities premium account is used to record the premium on issue of shares. Also we have appropriated the public issue expenditure incurred from securities premium account.

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.

As per our report of even date attached.

**For**
**NBS & Co.**
**Chartered Accountants**
**FRN : 110100W**

PRADEEP JAGANNATH SHETTY — Digitally signed by PRADEEP JAGANNATH SHETTY Date: 2023.05.19 19:00:05 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:19-05-2023
UDIN:23046940BGPTTW2150

**For and on behalf of Board of Directors of**
**DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)**
**CIN: U31908KA2011PLC061686**

H S RAGHAVENDRA RAO — Digitally signed by H S RAGHAVENDRA RAO Date: 2023.05.19 18:44:01 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM — Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2023.05.19 18:44:22 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S — Digitally signed by Ranga K S Date: 2023.05.19 18:44:43 +05'30'

K S Ranga
Chief Financial Officer
Place : Bangalore
Date:19-05-2023

Nagaraj R Dhavaskar — Digitally signed by Nagaraj R Dhavaskar Date: 2023.05.19 18:45:05 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

(All amounts in Millions, unless otherwise stated)

**2 Property, plant and equipment**

| Description | Owned assets | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Computers** | **Office Equipments** | **Furniture and Fixtures** | **Leasehold improvements** | **Tools & Equipments** | **Electrical Installations** | **Plant & Machinery** | **Building** | **Vehicle** | **Total Owned assets** |
| **Gross block** | | | | | | | | | | |
| As at 1 April 2021 | 5.98 | 2.14 | 3.91 | 8.34 | 5.11 | 10.09 | 39.16 | 85.03 | 7.62 | **167.38** |
| Additions | 0.80 | 0.22 | 0.55 | - | - | 0.01 | - | 0.02 | 14.29 | **15.89** |
| Disposals during the period / year | - | - | - | - | - | - | - | - | (3.90) | **(3.90)** |
| As at 31 March 2022 | 6.78 | 2.36 | 4.46 | 8.34 | 5.11 | 10.10 | 39.16 | 85.05 | 18.01 | **179.37** |
| As at 1 April 2022 | 6.78 | 2.36 | 4.46 | 8.34 | 5.11 | 10.10 | 39.16 | 85.05 | 18.01 | **179.37** |
| Additions | 2.00 | 0.03 | 0.12 | - | 0.51 | - | - | - | 21.28 | **23.94** |
| Disposals during the period / year | - | - | - | - | - | - | - | - | (9.78) | **(9.78)** |
| As at 31 March 2023 | 8.78 | 2.39 | 4.58 | 8.34 | 5.62 | 10.10 | 39.16 | 85.05 | 29.51 | **193.53** |
| **Accumulated depreciation** | | | | | | | | | | |
| As at 1 April 2021 | 4.90 | 1.78 | 1.83 | 8.34 | 3.88 | 3.15 | 16.22 | 8.26 | 2.90 | **51.26** |
| Depreciation for the period / year | 0.20 | 0.09 | 0.62 | - | 0.32 | 1.82 | 6.78 | 7.29 | 3.05 | **20.17** |
| Depreciation on disposals | - | - | - | - | - | - | - | - | - | **-** |
| As at 31 March 2022 | 5.10 | 1.87 | 2.45 | 8.34 | 4.20 | 4.97 | 23.00 | 15.55 | 5.95 | 71.43 |
| As at 1 April 2022 | 5.10 | 1.87 | 2.45 | 8.34 | 4.20 | 4.97 | 23.00 | 15.55 | 5.95 | **71.43** |
| Depreciation for the period / year | 1.54 | 0.23 | 0.54 | - | 0.17 | 1.33 | 2.92 | 6.60 | 4.67 | **18.00** |
| Depreciation on disposals | - | - | - | - | - | - | - | - | (4.08) | **(4.08)** |
| As at 31 March 2023 | 6.64 | 2.10 | 2.99 | 8.34 | 4.37 | 6.30 | 25.92 | 22.15 | 6.54 | 85.35 |
| | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - |
| **Net block** | | | | | | | | | | |
| **As At 31 March 2023** | **2.14** | **0.29** | **1.59** | **(0.00)** | **1.25** | **3.80** | **13.24** | **62.90** | **22.97** | **108.18** |
| **As At 31 March 2022** | **1.68** | **0.49** | **2.01** | **(0.00)** | **0.91** | **5.13** | **16.16** | **69.50** | **12.06** | **107.94** |

**Title deeds of Immovable Properties**

| **Descriptions** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Title deeds held in the name of | DCX Cable Assemblies Private Limited | |
| Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director | N.A. | |
| Reason for not being held in the name of Company | The name of the company has changed from DCX Cable Assemblies Private Limited to DCX Systems Private Limited w.e.f 03-01-2022. Further the company was converted from private limited to public limited w.e.f. 02-02-2022. However, the title deed are still in the name of DCX Cable Assemblies Private Limited. | |

Refer note no. 16 and 18 for information on property, plant and equipment pledged as securities by the company
Refer note no.33(b) for disclosure of contractual commitment for the acquisition of property, plant and equipment.

(All amounts in Millions, unless otherwise stated)

**2 Capital work-in-progress**

| Particulars | As at 01 April 2022 | Additions | Capitalised during the period / year | As at 31 March 2023 |
|---|---|---|---|---|
| Capital work-in-progress | - | 18.65 | - | 18.65 |
| **Total** | **-** | **18.65** | **-** | **18.65** |

| Particulars | As at 01 April 2021 | Additions | Capitalised during the period / year | As at 31 March 2022 |
|---|---|---|---|---|
| Capital work-in-progress -| - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** |

**3 Right-of-use assets**

| Particulars | Gross Block | | | | Gross Block | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2022 | - | Disposals during the period / year | As at 31 March 2023 | As at 01 April 2022 | Charge for the period / year | Disposals during the period / year | As at 31 March 2023 | As at 01 April 2022 | As at 31 March 2023 |
| Leasehold land | 38.10 | 4.90 | | 43.00 | - | - | | - | 38.10 | 43.00 |
| **Total Assets** | **38.10** | **4.90** | **-** | **43.00** | **-** | **-** | **-** | **-** | **38.10** | **43.00** |
| | | | | | | | | | | |

| Particulars | Gross Block | | | | Gross Block | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2021 | - | Disposals during the period / year | As at 31 March 2022 | As at 01 April 2021 | Charge for the period / year | Disposals during the period / year | As at 31 March 2022 | As at 01 April 2021 | As at 31 March 2022 |
| Leasehold land | 38.10 | | | 38.10 | - | - | | - | 38.10 | 38.10 |
| **Total Assets** | **38.10** | **-** | **-** | **38.10** | **-** | **-** | **-** | **-** | **38.10** | **38.10** |
| | | | | | | | | | | |

(All amounts in Millions, unless otherwise stated)

**4 Other intangible assets**

| Description | Computer Software | Total |
|---|---|---|
| **Gross block** | | |
| As at 1 April 2022 | 9.63 | **9.63** |
| Additions | 0.15 | **0.15** |
| Disposals during the period / year | - | **-** |
| **As at 31 March 2023** | 9.78 | **9.78** |
| As at 1 April 2021 | 9.35 | **9.35** |
| Additions | 0.28 | **0.28** |
| Disposals during the period / year | - | **-** |
| **As at 31 March 2022** | 9.63 | **9.63** |
| **Amortisation** | | |
| As at 1 April 2022 | 9.15 | **9.15** |
| Amortisation for the period / year | 0.20 | **0.20** |
| Disposal during the period / year | - | **-** |
| **As at 31 March 2023** | 9.35 | 9.35 |
| As at 1 April 2021 | 7.57 | **7.57** |
| Amortisation for the period / year | 1.58 | **1.58** |
| Disposal during the period / year | - | **-** |
| **As at 31 March 2022** | 9.15 | 9.15 |
| **Net block** | | |
| **As at 31 March 2023** | **0.43** | **0.43** |
| **As at 31 March 2022** | **0.48** | **0.48** |

(All amounts in Millions, unless otherwise stated)

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **5** | **Investments** | | |
| | **Investment measured at cost** | | |
| | **Investment in wholly owned subsidiary (unquoted investments)** | | |
| | Addition : During the year/period 6,500,000 (31 March 2022 : 1,00,000) equity shares of "**Raneal Advanced Systems Private Limited** " of Rs 10 Each acquired | 66.00 | **1.00** |
| | | **66.00** | **1.00** |
| | (a) Aggregate book value of quoted investments | - | - |
| | (b) Aggregate market value of quoted investments | - | - |
| | (c) Aggregate amount of unquoted investments | 66.00 | 1.00 |
| | (d) Aggregate amount of impairment in value of investments | - | - |
| **6** | **Other non-current financial assets** | | |
| | Fixed deposits with banks with maturity of more than 12 months | - | 2.44 |
| | Other deposits | 0.01 | 0.01 |
| | SBI Gratuity Trust | 4.00 | - |
| | Security deposits | 26.70 | 0.73 |
| | | **30.71** | **3.18** |
| **7** | **Other non-current assets** | | |
| | Capital advances | 0.50 | 0.50 |
| | | | - |
| | | **0.50** | **0.50** |
| **8** | **Inventories** | | |
| | (valued at lower of cost and net realisable value) | | |
| | Raw material | 846.65 | 272.51 |
| | Stock in trade | | - |
| | Finished goods | 1,438.46 | |
| | Work in progress | | |
| | | **2,285.11** | **272.51** |
| **9** | **Trade receivables** | | |
| | **(Unsecured)** | | |
| | Trade receivables considered good | 3,195.32 | 694.94 |
| | Trade receivables - credit impaired | - | - |
| | | 3,195.32 | 694.94 |
| | Less: Allowance for doubtful receivables | - | - |
| | | **3,195.32** | **694.94** |
| | **The above amount includes :** | | |
| | Others | 3,195.32 | 694.94 |
| | Receivable from related parties | - | - |
| | **Total** | **3,195.32** | **694.94** |

**As at 31 March 2023**

| **Particulars** | **Outstanding for following periods from due date of Payment** | | | | | |
|---|---|---|---|---|---|---|
| | **Less than 6 Months** | **6 Months- 1 Year** | **1-2 Years** | **2-3 Years** | **More than 3 Years** | **Total** |
| (i) Undisputed trade receivables - considered good | 3,019.04 | 176.28 | | | - | 3,195.32 |
| (ii) Undisputed Trade Receivables - which have significant increase in Credit risk | | | | | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | | | | | - | - |
| (iv) Disputed Trade Receivables - considered good | | | | | - | - |
| (v) Disputed Trade Receivables - which have significant increase in Credit risk | | | | | - | - |
| (vi) Disputed Trade Receivables - credit impaired | | | | | - | - |
| | **3,019.04** | **176.28** | **-** | **-** | **-** | **3,195.32** |

(All amounts in Millions, unless otherwise stated)

**As at 31 March 2022**

| Particulars | Outstanding for following periods from due date of Payment | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 Months | 6 Months- 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
| (i) Undisputed trade receivables - considered good | 688.13 | | 6.81 | | - | 694.94 |
| (ii) Undisputed Trade Receivables - which have significant increase in Credit risk | | | | | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | | | | | - | - |
| (iv) Disputed Trade Receivables - considered good | | | | | - | - |
| (v) Disputed Trade Receivables - which have significant increase in Credit risk | | | | | - | - |
| (vi) Disputed Trade Receivables - credit impaired | | | | | - | - |
| | **688.13** | **-** | **6.81** | **-** | **-** | **694.94** |

| 10 | **Cash and cash equivalents** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|---|
| | Balances with banks | | |
| | Current accounts | 105.39 | 1,883.79 |
| | In deposit account (the maturity of the period of which is less than 3 months) | | - |
| | Cash in hand | 0.01 | |
| | | **105.40** | **1,883.79** |
| 11 | **Bank balances other than cash and cash equivalents** | | |
| | **Other bank balances** | | |
| | Deposits with original maturity of more than 3 months ( Rs. 2000.50 Mn Kept as margin money with Banks) | 5,808.77 | 6,118.44 |
| | | | - |
| | | **5,808.77** | **6,118.44** |
| 12 | **Other current financial assets** | | |
| | MEIS incentive receivables | | 50.68 |
| | Forward Contract | 21.20 | |
| | | **21.20** | **50.68** |
| 13 | **Other current assets** | | |
| | **(Unsecured, considered good)** | | |
| | Advances to suppliers | 326.05 | 170.76 |
| | Advance salary | 1.15 | 0.93 |
| | Balances with statutory/government authorities | 18.74 | 13.45 |
| | Expenses Relating To Public Issue | - | 17.30 |
| | Prepaid expenses | 31.48 | 14.13 |
| | | **377.42** | **216.57** |
| 16 | **Long Term Borrowings** | | |
| | Secured Working Capital Term Loan | | 354.40 |
| | | **-** | **354.40** |

The Working Capital Term Loan, Loan under ECGL(Emergency Credit Line Guarantee Scheme) Interest @ 7.5% PA with a tenure of 60 to 72 Months and second Charge

| 17 | **Provisions** | | |
|---|---|---|---|
| | **Provision for employee benefits** | | |
| | Gratuity (Refer note no. 37 for further disclosures) | 7.37 | 6.49 |
| | Leave encashment | 5.03 | 3.89 |
| | **Others provision** | - | - |
| | | **12.40** | **10.38** |

(All amounts in Millions, unless otherwise stated)

**18 Borrowings**

| | | |
|---|---|---|
| **Secured** | | |
| **From Bank** | | |
| Working capital loan | 5,037.11 | 4,671.80 |
| | **5,037.11** | **4,671.80** |

**Terms and Conditions:**

**-** For working capital limits -Paripassu First charge on all current assets of the company along with other member banks under Multiple Banking Arrangement, Paripassu First charge on all movable fixed assets of the company along with other member banks under Multiple Banking Arrangement, First paripassu charge on Industrial property of 1.5 acre of land and building in Plt no 29,30 & 107 at hitech, aerospace & defence park devanahalli, Cash Credit/Overdraft limits are payable on demand, Export credits (drawn in foreign currency / INR) are for a tenor of 120-180 days. Interest (drawn in foreign currency) is payable @ LIBOR / SOFR plus 150 to 350 basis points & for EPC (Drawn in INR) Net interest payable (After Subvention of 3%) ranges from 4.3% to 5.1% and for Bank Guarantee issued at Cash Margin 30% to 100 %. Corporate Guarantees are extended by Promoter Group companies.

**19 Trade payables**

| | | |
|---|---|---|
| Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 34) | 4.30 | 452.63 |
| Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 1,336.80 | 512.50 |
| | **1,341.10** | **965.13** |

**Notes :**
(1) Refer note for related party disclosure.

**As at 31 March 2023**

| **Particulars** | **Outstanding for following periods Particulars from due date of payment** | | | | | |
|---|---|---|---|---|---|---|
| | **Unbilled Dues** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) MSME | | 4.30 | | | - | **4.30** |
| (ii) Others | | 1,321.08 | 15.72 | | - | **1,336.80** |
| (iii) Disputed dues - MSME | | | | | | **-** |
| (iv) Disputed dues - Others | | | | | | **-** |
| | **-** | **1,325.38** | **15.72** | **-** | **-** | **1,341.10** |

**As at 31 March 2022**

| **Particulars** | **Outstanding for following periods Particulars from due date of payment** | | | | | |
|---|---|---|---|---|---|---|
| | **Unbilled Dues** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) MSME | | 452.63 | | | - | **452.63** |
| (ii) Others | | 512.50 | | | - | **512.50** |
| (iii) Disputed dues - MSME | | | | | | **-** |
| (iv) Disputed dues - Others | | | | | | **-** |
| | **-** | **965.13** | **-** | **-** | **-** | **965.13** |

**20 Other financial liabilities**

| | **As at 31 March** | **As at 31 March 2022** |
|---|---|---|
| Accrued expense payable | 1.59 | 1.61 |
| Employee benefits payable | 9.43 | 5.30 |
| | **11.02** | **6.91** |

**21 Other current liabilities**

| | | |
|---|---|---|
| Advance received from customers | 31.33 | 2,147.31 |
| Statutory dues payable | 12.81 | 5.85 |
| Rent Security Deposit | 1.40 | - |
| | **45.54** | **2,153.16** |

**22 Provisions**

| | | |
|---|---|---|
| Provision for gratuity | 0.31 | 0.27 |
| Provision for leave encashment | 0.22 | 0.17 |
| | **0.53** | **0.44** |

(All amounts in Millions, unless otherwise stated)

| | **Particulars** | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
|---|---|---|---|
| **23** | **Revenue from operations** | | |
| | Sale of products | 12,467.62 | 10,976.66 |
| | Sale of services | 68.67 | 17.46 |
| | Other operating revenue | | |
| | MEIS incentive received | | 28.61 |
| | | **12,536.29** | **11,022.73** |

Refer note no. 38 for further disclosures.

| | | | |
|---|---|---|---|
| **24** | **Other income** | | |
| | Interest on fixed deposits | 293.95 | 220.24 |
| | Other income | 0.10 | 0.37 |
| | Profit on sale of used Asset | 1.30 | - |
| | | | - |
| | | **295.35** | **220.61** |

| | | | |
|---|---|---|---|
| **25** | **Cost of materials consumed** | | |
| | Opening Stock | 272.51 | 1,304.33 |
| | Import purchases | 1,371.33 | 1,770.47 |
| | Local purchases | 11,833.49 | 6,491.14 |
| | Less: Closing Stock | 846.65 | 272.51 |
| | | **12,630.68** | **9,293.43** |

| | | | |
|---|---|---|---|
| **26** | **Changes in inventories of finished goods and work-in-progress** | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
| | **Opening inventories** | | |
| | Stock in trade | | |
| | Raw materials | | |
| | Finished goods | | 19.97 |
| | Work-in- process | | 692.46 |
| | Stores & spares | | |
| | **Total (A)** | | **712.43** |
| | **Closing Inventories** | | |
| | Stock in trade | | |
| | Raw materials | | |
| | Finished goods | 1,438.46 | |
| | Work-in- process | | |
| | Stores & spares | | |
| | | | - |
| | **Total (B)** | **1,438.46** | **-** |
| | **Total (A-B)** | **(1,438.46)** | **712.43** |

(All amounts in Millions, unless otherwise stated)

| | | | |
|---|---|---|---|
| **27** | **Employee benefit expenses** | | |
| | Employee Insurance | 0.61 | 0.42 |
| | Encashment of earned leave | 1.36 | 1.27 |
| | Gratuity | 1.41 | 2.48 |
| | Salaries and wages including bonus, incentives | 94.36 | 76.86 |
| | Staff welfare expenses | 7.21 | 5.62 |
| | | **104.95** | **86.65** |
| **28** | **Finance costs** | | |
| | Bank charges | 12.03 | 8.06 |
| | Interest on borrowings | 187.08 | 72.40 |
| | Interest on Working Capital Term Loan | 30.00 | 0.71 |
| | Other borrowing costs | 26.15 | 32.05 |
| | | **255.26** | **113.22** |
| **29** | **Depreciation and amortisation expense** | | |
| | Amortisation of intangible assets (refer note 4) | 0.20 | 1.58 |
| | Depreciation of property, plant and equipment (refer note 2) | 18.00 | 20.17 |
| | | **18.20** | **21.75** |

| | | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| **30** | **Other expenses** | | |
| | **Manufacturing service cost expenses** | | |
| | Freight expenses | 6.74 | 11.70 |
| | Power and fuel expenses | 2.97 | 2.61 |
| | Repairs and maintenance | | |
| | Building | 0.49 | 0.97 |
| | Machinery & others | 1.70 | 1.47 |
| | Wages and labour charges | 5.91 | 6.01 |
| | Water Charges | 0.37 | 0.53 |
| | **Administrative and general expenses** | | |
| | Business promotion expenses | 2.90 | 0.99 |
| | Communication expenses | 0.75 | 0.53 |
| | Director Sitting Fees | 1.20 | 0.30 |
| | Insurance | 5.55 | 3.43 |
| | Internal Audit fees | 0.60 | - |
| | Net loss on foreign currency translation | 291.02 | 168.82 |
| | Others expenses | 22.03 | 17.84 |
| | Professional & consultancy fees | 45.71 | 36.06 |
| | Printing and stationery | 0.37 | 0.33 |
| | Rates and taxes | 8.03 | 5.33 |
| | Remuneration to auditors | | |
| | Statutory audit | 0.75 | 0.70 |
| | Tax audit | - | - |
| | Travelling and conveyance | 2.89 | 2.63 |
| | | **399.98** | **260.25** |

(All amounts in Millions, unless otherwise stated)

**14 Share capital**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Authorised :** | | |
| 125,000,000 Equity Shares of Rs 2/- Each . | 250.00 | 250.00 |
| | **250.00** | **250.00** |
| | | |
| **TOTAL** | **250.00** | **250.00** |
| **Issued and subscribed and paid up:** | | |
| **Equity share capital** | | |
| 7,74,00,000 equity shares of Rs.2/-each | 154.80 | 154.80 |
| Addition : During the year/period 19,323,671 of equity shares issued at face value of Rs 2/- with premium of Rs 205/- | 38.65 | |
| **TOTAL** | **193.45** | **154.80** |

**Reconciliation of number of shares outstanding at the beginning and end of the year :**

| Equity share : | As at 31 March 2023 Number of Shares* | As at 31 March 2022 Number of Shares* |
|---|---|---|
| Outstanding at the beginning of the year / period | 7,74,00,000.00 | 35,00,000 |
| Equity Shares issued during the year in consideration for cash | | |
| IPO | 1,93,23,671.00 | |
| Preferential allotment | - | 1,00,000.00 |
| Right issue ( Refer note 2 below ) | - | 2,70,000.00 |
| **Total number of shares before Sub Division** | **9,67,23,671.00** | **38,70,000.00** |
| Adjustment for subdivision of shares | - | 1,54,80,000.00 |
| Bonus Issue of shares during the year | - | 5,80,50,000.00 |
| **Outstanding at the end of the year** | **9,67,23,671.00** | **7,74,00,000.00** |

* Number of shares is presented as absolute number.

(All amounts in Millions, unless otherwise stated)

**Terms / Rights attached to each classes of shares**

**Rights, preferences and restrictions attached to equity and preference shares**

| | |
|---|---|
| Equity shares | |
| As to dividend | The Shareholders are entitled to receive dividend in proportion to the amount of paid up equity shares held by them. The Company has not declared any dividend during the year. |
| As to repayment of capital | In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining asset of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. |
| As to voting | The Company has Equity Shares of Rs. 2.00 each and each holder of the equity share is entitled to one vote per share. |

**Shareholders holding more than 5% shares in the Company is set out below:**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Equity shares of Rs 2 each fully paid | | Equity shares of Rs 2 each fully paid | |
| | Number of Shares* | Number of Shares % | Number of Shares* | Number of Shares % |
| M/s NCBG Holdings Inc | 3,18,84,542.00 | 32.965% | 3,43,00,000.00 | 44.32% |
| M/s VNG Technology Pvt Ltd | 3,18,84,542.00 | 32.965% | 3,43,00,000.00 | 44.32% |
| Mr.H S Raghavendra Rao | 56,12,558.00 | 5.80% | 74,00,000.00 | 9.56% |

**Promoters Shareholding in the Company is set out below:**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Equity shares of Rs 2 each fully paid | | Equity shares of Rs 2 each fully paid | |
| | Number of Shares* | Number of Shares % | Number of Shares* | Number of Shares % |
| M/s NCBG Holdings Inc | 3,18,84,542.00 | 32.965% | 3,43,00,000.00 | 44.32% |
| M/s VNG Technology Pvt Ltd | 3,18,84,542.00 | 32.965% | 3,43,00,000.00 | 44.32% |
| Mr.H S Raghavendra Rao | 56,12,558.00 | 5.80% | 74,00,000.00 | 9.56% |

* Number of shares is presented as absolute number.

**15 Other equity**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Reserves and surplus** | | |
| A. Retained earnings | 1,759.46 | 1,021.17 |
| B. Securities premium | 3,717.67 | - |
| | **5,477.13** | **1,021.17** |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **A. Retained earnings** | | |
| Balance at the beginning of current reporting year | 1,021.17 | 432.86 |
| Profit for the year | 720.12 | 656.14 |
| Less: Utilized for issue of Balance Bonus Shares | | (67.62) |
| Other comprehensive (loss)/ income | | |
| -Remeasurements of defined benefit liability / (asset) (net of tax) | 0.67 | (0.21) |
| -Hedge Reserve | 17.50 | |
| | **1,759.46** | **1,021.17** |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **B. Securities premium** | | |
| Opening balance | - | - |
| Add : Proceeds from issue of Shares | 3,961.35 | 48.47 |
| Less : Public issue expenditure | (243.68) | |
| Less : Utilized for issue of Bonus Shares | - | (48.47) |
| | **3,717.67** | **-** |

(All amounts in Millions, unless otherwise stated)

**31 Taxes**

**(a) Statement of profit or loss**

| **Particulars** | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
|---|---|---|
| **Current tax:** | | |
| Current income tax charge | (150.44) | (132.02) |
| Deferred tax | (0.57) | 2.59 |
| MAT Credit Entitlement | 10.10 | 29.96 |
| **Income tax expense reported in the statement of profit or loss** | **(140.91)** | **(99.47)** |

**(b) Other comprehensive income (OCI)**

Taxes related to items recognised in OCI during in the period

| **Particulars** | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
|---|---|---|
| **Deferred tax** | | |
| Remeasurements gains and losses on post employment benefits | (0.14) | 0.11 |
| **Income tax recognised in OCI** | **(0.14)** | **0.11** |

**(c) Balance sheet**

**Current tax assets**

| **Particulars** | **For the year ended 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Non- current tax assets | - | - |
| Current tax assets | 13.87 | |
| **Total tax assets** | **13.87** | **-** |

**Current tax liabilities**

| **Particulars** | **For the year ended 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Income tax (net of advance tax) | | 87.96 |
| **Total current tax liabilities** | **-** | **87.96** |

**(d) Deferred tax liabilities / assets**

| **Particulars** | **For the year ended 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Income tax relating to remeasurements of defined benefit liability / (asset) | (0.14) | |
| Income tax relating to items that will be reclassified to profit or loss | (3.70) | |
| Excess of depreciation/amortisation on property plant and equipment under income tax act | 3.98 | 4.28 |
| Gratuity provision | 1.88 | 2.36 |
| Leave encashment | 1.63 | 1.42 |
| MAT Credit | 40.07 | 29.96 |
| **Net deferred tax liability/(asset)** | **43.72** | **38.02** |

**(e) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

| | | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
|---|---|---|---|
| **Accounting profit before tax** | | **861.03** | **755.61** |
| **Tax rate** | | **34.94%** | **34.94%** |
| **Tax as per IT Act on above** | | **300.88** | **264.04** |
| **Tax expenses (P&L)** | | | |
| (i) Current tax | | (150.44) | (132.02) |
| (ii) Deferred tax | | (0.57) | 2.59 |
| (iii) Taxation in respect of earlier years | | | 29.96 |
| | | **(151.01)** | **(99.47)** |
| **Tax expenses (OCI)** | | **(0.14)** | **0.11** |
| **Difference** | **(C)** | **149.73** | **164.68** |
| **Tax reconciliation** | | | |
| **Adjustments:** | | | |
| Taxation in respect of earlier years | | - | |
| Effect of exemptions and deductions | | (149.73) | (163.72) |
| Others | | | (0.96) |
| | | - | - |

(All amounts in Millions, unless otherwise stated)

**32 Earnings Per Share**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Profits attributable to equity shareholders** | | |
| Profit for the year | **720.12** | **656.14** |
| **Basic Earnings Per Share** | | |
| Weighted average number of equity shares outstanding during the year | 8,49,70,644 | 7,13,80,274 |
| **Basic EPS (Rs.)** | **8.47** | **9.19** |
| **Diluted Earnings Per Share** | | |
| Profit for the year | **720.12** | **656.14** |
| Weighted average number of equity shares outstanding during the year | 8,49,70,644 | 7,13,80,274 |
| **Diluted EPS (Rs.)** | **8.47** | **9.19** |

| Weighted average number of equity shares for Basic and Diluted Earnings Per Share | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Balance at the beginning of the period of Rs. 2 each (Rs 10 each for Previous year) | 7,74,00,000.00 | 35,00,000.00 |
| Issued during the period | 1,93,23,671.00 | 3,70,000.00 |
| **Total** | **9,67,23,671.00** | **38,70,000.00** |
| Adjustment for subdivision of shares | | 1,93,50,000.00 |
| Bonus Issue of shares during the year | | 5,80,50,000.00 |
| | **9,67,23,671.00** | **7,74,00,000.00** |
| **Weighted average number of equity shares outstanding during the period** | **8,49,70,644** | **7,13,80,274** |

* Number of shares is presented as absolute number.

**33 Contingent liabilities, contingent assets and commitments :**

**(a) Contingent liabilities**

| Particulars | Currency | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| Bank guarantees | **INR** | 3,353.73 | 4,807.93 |
| Corporate Guarantee provided to wholly owned Subsidiary | **INR** | 450.00 | |

**(b) Commitments**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 9.54 | - |
| | **9.54** | **-** |

**34 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Principal amount remaining unpaid to any supplier as at the end of the period/year | | |
| Trade payables | 4.30 | 452.63 |
| Capital creditors | - | - |
| Interest due thereon remaining unpaid to any supplier as at the end of the period/year | | |
| Trade payables | - | - |
| Capital creditors | - | - |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act 2006 | - | - |
| The amount of payment made to micro and small supplier beyond the appointed day during each accounting year. | - | - |
| The amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of the accounting year. | - | - |
| The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

(All amounts in Millions, unless otherwise stated)

**35 Related Party Disclosures**

(a)

| | **List of Related Parties and description of relationship:** | **Nature of relation** |
|---|---|---|
| 1 | Mr .H S Raghavendra Rao | Chairman and Managing Director |
| 2 | Mr.Neal Jeremy Castleman | Director |
| 3 | Mr.R.Sankarakrishnan | Director(Whole time Director upto Dec-2022) |
| 4 | Mr. Anand S | Key Managerial Personnel and Director of a Promoter company |
| 5 | M/S VNG Technology Pvt Ltd., | Promoter group Company |
| 6 | M/S NCBG Holdings Inc | Associate Company |
| 7 | M/S DCX Chol Enterprises Inc | Common Directorship |
| 8 | M/S RNSE-TRONICS Pvt Ltd., | Promoter group Company |
| 9 | M/S Raneal Technologies Pvt Ltd., | Promoter group Company |
| 10 | M/S Raneal Advanced Systems Pvt Ltd., | Wholly Owned Subsidiary |
| 11 | Mr.Ranga K S | Chief financial officer and Director of a wholly owned Subsidiary Company |
| 12 | Mr.Shiva Kumara R | Key Managerial Personnel and Director of a Promoter group company and also Director of a wholly owned Subsidiary Company |
| 13 | Mr.Prasanna Kumar T S | Key Managerial Personnel |
| 14 | Mr.Nagaraj R Dhavaskar | Company Secretary , Legal and Compliance Officer |
| 15 | Mr.Pramod. B | Key Managerial Personnel and Director of a Promoter group company |
| 16 | Mr.G S Manjunath | Key Managerial Personnel |
| 17 | Mr.Kiran Kumar K S | Key Managerial Personnel(during the year upto Jan-2023) |
| 18 | Mr.Atul D Mutthe | Key Managerial Personnel |
| 19 | Mr.Rajanikanth K N | Key Managerial Personnel |
| 20 | Mr.Harsha H.M | Director of a Promoter group company |

(b)

| **Sl.No.** | **Related parties** | **Nature of transactions** | **For the year ended 31 March 2023** | **For the year ended 31 March 2022** |
|---|---|---|---|---|
| | | **Purchase** | | |
| 1 | M/S DCX Chol Enterprises Inc | Purchases of Raw Materials | 3.82 | 35.58 |
| 2 | M/S RNSE-TRONICS Pvt Ltd | Purchases of Raw Materials | 7,450.56 | 2,783.82 |
| | | **Sales** | | |
| 3 | M/S DCX Chol Enterprises Inc | Export of Finished Goods | 24.38 | 0.01 |
| | | **Expenditure** | | |
| 4 | Mr. H.S. Raghavendra Rao | Salary | 22.89 | 29.20 |
| 5 | Mr. Anand S | Salary | 2.59 | 1.73 |
| 6 | Mr.R.Sankarakrishnan | Professional Fee | - | 1.25 |
| 7 | Mr.R.Sankarakrishnan | Salary | 2.47 | 0.53 |
| 8 | Mr.Ranga K S | Salary | 4.61 | 1.26 |
| 9 | Mr.Shiva Kumara R | Salary | 4.45 | 1.88 |
| 10 | Mr.Prasanna Kumar T S | Salary | 3.03 | 2.70 |
| 11 | Mr.Nagaraj R Dhavaskar | Salary | 1.21 | 0.35 |
| 12 | Mr.Pramod. B | Salary | 2.59 | 1.30 |
| 13 | Mr.G S Manjunath | Salary | 1.64 | 1.38 |
| 14 | Mr.Kiran Kumar K S | Salary | 1.48 | 1.40 |
| 15 | Mr.Atul D Mutthe | Salary | 1.33 | 0.43 |
| 16 | Mr.Rajanikanth K N | Salary | 1.46 | 1.30 |
| 17 | M/S DCX Chol Enterprises Inc | Reimbursement of expenses | 0.13 | 1.70 |
| 18 | Mr.Harsha H.M | Professional Fee | 0.78 | - |
| 19 | Mr.Harsha H.M | Professional Fee(Arrears) | 0.65 | - |
| | **TOTAL** | | **7,530.07** | **2,865.82** |
| | | **Payable** | | |
| 20 | M/S DCX Chol Enterprises Inc | Payable / (Receivable) | (31.63) | 1.53 |
| 21 | M/S RNSE-TRONICS Pvt Ltd., | Payable / (Advance) | 128.77 | 419.85 |
| 22 | Mr.R.Sankarakrishnan | Salary Payable | - | 0.16 |
| 23 | Mr .H S Raghavendra Rao | Salary Payable | 1.10 | 0.67 |
| 24 | Anand S | Salary Payable | 0.17 | 0.12 |
| 25 | Mr.Ranga K S | Salary Payable | 0.27 | 0.17 |
| 26 | Mr.Shiva Kumara R | Salary Payable | 0.25 | 0.26 |
| 27 | Mr.Prasanna Kumar T S | Salary Payable | 0.18 | 0.19 |
| 28 | Mr.Nagaraj R Dhavaskar | Salary Payable | 0.09 | 0.08 |
| 29 | Mr.Pramod. B | Salary Payable | 0.16 | 0.16 |
| 30 | Mr.G S Manjunath | Salary Payable | 0.11 | 0.10 |
| 31 | Mr.Kiran Kumar K S | Salary Payable | - | 0.13 |
| 32 | Mr.Atul D Mutthe | Salary Payable | 0.10 | 0.09 |
| 33 | Mr.Rajanikanth K N | Salary Payable | 0.10 | 0.10 |
| 34 | Mr.Harsha H.M | Payable / (Advance) | (1.24) | - |

(All amounts in Millions, unless otherwise stated)

**36 Fair value measurements**

**(a) Categories of financial instruments -**

| Particulars | As at 31 March 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair values | | | |
| | | FVTPL | FVTPL | FVTOCI | Amortised cost |
| **Category** | | Level 1 | Level 3 | Level 3 | Level 2 |
| **Financial assets** | | | | | |
| Trade receivables | 3,195.32 | - | - | - | 3,195.32 |
| Cash and cash equivalents | 105.40 | - | - | - | 105.40 |
| Other bank balances | 5,808.77 | - | - | - | 5,808.77 |
| Other financial assets | 51.91 | - | - | - | 51.91 |
| **Total financial assets** | **9,161.40** | **-** | **-** | **-** | **9,161.40** |
| | | | | | |
| **Financial liabilities** | | | | | |
| Borrowings | 5,037.11 | - | - | - | 5,037.11 |
| Trade payables | 1,341.10 | - | - | - | 1,341.10 |
| Working Capital Term Loan | - | | | | - |
| Other financial liabilities | 11.02 | - | - | - | 11.02 |
| **Total financial liabilities** | **6,389.23** | **-** | **-** | **-** | **6,389.23** |

| Particulars | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair values | | | |
| | | FVTPL | FVTPL | FVTOCI | Amortised cost |
| **Category** | | Level 1 | Level 3 | Level 3 | Level 2 |
| **Financial assets** | | | | | |
| Trade receivables | 694.94 | - | - | - | 694.94 |
| Cash and cash equivalents | 1,883.79 | - | - | - | 1,883.79 |
| Other bank balances | 6,118.44 | - | - | - | 6,118.44 |
| Other financial assets | 53.86 | - | - | - | 53.86 |
| **Total financial assets** | **8,751.03** | **-** | **-** | **-** | **8,751.03** |
| | | | | | |
| **Financial liabilities** | | | | | |
| Borrowings | 4,671.80 | - | - | - | 4,671.80 |
| Trade payables | 965.13 | - | - | - | 965.13 |
| Working Capital Term Loan | 354.40 | | | | 354.40 |
| Other financial liabilities | 6.91 | - | - | - | 6.91 |
| **Total financial liabilities** | **5,998.24** | **-** | **-** | **-** | **5,998.24** |

**(b) Fair value hierarchy:**

As per Ind AS 107 "Financial Instrument: Disclosure", fair value disclosures are not required when the carrying amounts reasonably approximate the fair value. As illustrated above, all financial instruments of the company which are carried at amortized cost approximates the fair value (except for which the fair values are mentioned). Investments in mutual funds which are designated at fair value through profit and loss (FVTPL).

(All amounts in Millions, unless otherwise stated)

**37 Details of employee benefits as required by Ind-AS 19 - "Employee benefits are as under":**

**(i) Defined contribution plan - Provident fund and other funds**

**The company has recognized following amounts in the profit & loss account for the year/ period:**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Provident fund** | | |
| Employer's Contribution | 4.17 | 3.47 |
| Administration charges | 0.17 | 0.23 |
| **Employer's Contribution to ESI (Employee State Insurance)** | 0.19 | 0.30 |
| | **4.53** | **4.00** |

**(ii) Defined benefit plan**

1) The defined benefit plan comprises gratuity, which is funded.
2) Actuarial gains and losses in respect of defined benefit plans are recognized in the Other Comprehensive Income (OCI).
The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.
These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

**The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in balance sheet for the plan.**

**Changes in the present value of the defined benefit obligation are as follows :**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Present Value of Benefit Obligation at the Beginning of the Period** | 6.76 | 5.76 |
| Interest cost | 0.49 | 0.39 |
| Current service cost | 1.30 | 1.02 |
| Benefits paid | (0.07) | (0.74) |
| Actuarial (Gains)/Losses on Obligations | - | - |
| - Due to Change in Financial Assumptions | (0.23) | 0.94 |
| - Due to Change in Demographic Assumptions | - | - |
| - Due to Experience | (0.58) | (0.61) |
| **Present value of obligation at the end of the period / year** | **7.67** | **6.76** |

**Changes in the fair value of plan assets are as follows:**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Fair value of plan assets at the beginning of the period / year** | | - |
| Interest income | | - |
| Contributions | 0.07 | 0.74 |
| Mortality charges and taxes | | |
| Benefits paid | (0.07) | (0.74) |
| Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss) | | |
| **Fair value of Plan assets at end of the period / year** | **-** | **-** |

**Net interest cost for current period**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Interest Cost | 0.49 | 0.39 |
| Interest Income | - | - |
| **Net Interest Cost for Current Period** | **0.49** | **0.39** |

**Net employee benefit expense on account of gratuity recognised in employee benefit expenses**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Current service cost | 1.30 | 1.02 |
| Net interest (Income)/ Expense | 0.49 | 0.39 |
| **Net benefit expense** | **1.79** | **1.41** |

**Amount recognised in the statement of other comprehensive income**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Re-measurement for the year - obligation (gain) / loss | 0.81 | (0.32) |
| Re-measurement for the year - plan assets (gain) / loss | - | - |
| **Total re-measurements cost / (credit) for the period / year recognised in other comprehensive income** | **0.81** | **(0.32)** |

(All amounts in Millions, unless otherwise stated)

**Net Defined Benefit Liability/(Asset) for the period / year**

| **Particulars** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Defined Benefit Obligation | 7.67 | 6.76 |
| Fair value of plan assets | - | - |
| **Closing net defined benefit liability/(asset)** | **7.67** | **6.76** |

| **Particulars** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| **Current** | 0.31 | 0.27 |
| **Non-Current** | 7.36 | 6.49 |

**The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:**

**Assumptions**

| **Particulars** | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| | **%** | **%** |
| Mortality table | **100% of IALM 2012-14** | **100% of IALM 2012-14** |
| Discount rate | 7.52% | 7.28% |
| Rate of increase in compensation levels | 10.00% | 10.00% |
| Withdrawal rate # | | |
| Age up to 30 years | 5.00% | 5.00% |
| Age 31 - 40 years | 5.00% | 5.00% |
| Age 41 - 50 years | 5.00% | 5.00% |
| Age above 50 years | 5.00% | 5.00% |

**A quantitative sensitivity analysis for significant assumption as at 31 March 2022 is as shown below:**

| **Assumptions** | **Defined benefit obligation As at 31 March 2023** | |
|---|---|---|
| | **Increase by 100 basis points** | **Decrease by 100 basis points** |
| Delta effect of 1% change in rate of discounting | (0.87) | 1.06 |
| Delta effect of 1% change in rate of salary increase | 0.84 | (0.75) |
| Delta effect of 1% change in rate of employee turnover | (0.19) | 0.22 |

**A quantitative sensitivity analysis for significant assumption as at 31 March 2021 is as shown below:**

| **Assumptions** | **Defined benefit obligation As at 31 March 2022** | |
|---|---|---|
| | **Increase by 100 basis points** | **Decrease by 100 basis points** |
| Delta effect of 1% change in rate of discounting | (0.79) | 0.97 |
| Delta effect of 1% change in rate of salary increase | 0.77 | (0.67) |
| Delta effect of 1% change in rate of employee turnover | (0.18) | 0.21 |

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

**Expected future benefit payments**

The following benefit payments, for each of the next five years and the aggregate five years thereafter, are expected to be paid:

| **Duration of defined benefit payments** | **31 March 2023** | **31 March 2022** |
|---|---|---|
| 1st Following Year | 0.30 | 0.27 |
| 2nd Following Year | 0.31 | 0.29 |
| 3rd Following Year | 0.34 | 0.29 |
| 4th Following Year | 0.36 | 0.32 |
| 5th Following Year | 0.39 | 0.33 |
| After 5th Year | 24.54 | 21.69 |

(All amounts in Millions, unless otherwise stated)

**Note 38: Revenue from contracts with customers**

The Company has initially applied Ind AS 115 - Revenue from contracts with customers from 1 April 2018. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.
The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018).

After evaluation of all the live contracts as on 1st April, 2018 there is no material impact on application of Ind AS 115 on financial statements.

**(a) Reconciliation of revenue recognised with the contracted price is as follows:**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Gross Sales (Contracted Price) | 12,536.29 | 10,997.82 |
| Reductions towards variable consideration (Discount & Delayed Delivery Charges) | - | (3.70) |
| **Revenue recognised** | **12,536.29** | **10,994.12** |

The Company derives its revenue from contracts with customers for the transfer of goods and services at a point in time and over the period in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108.

| Sr.No | Item description |
|---|---|
| 1 | Transmission receiver group modules, Missile switching units, Power supplies, filters, transmitter modules, receiver modules |
| 2 | Cable & Wire harness assemblies |
| 3 | Electronic & Electro mechanical components |

**(b) Recognition of revenue as per IND AS 115**

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Revenue recognised at point in time | 12,467.62 | 10,976.66 |
| Revenue recognised over the period | 68.67 | 17.46 |
| **Total** | **12,536.29** | **10,994.12** |

**(c) Revenue from products:**

| Country / Region | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Exports | 8,847.25 | 6,116.94 |
| Deemed Exports | 3,551.81 | 4,844.46 |
| Domestic | 68.56 | 15.26 |
| **Total revenue** | **12,467.62** | **10,976.66** |

(All amounts in Indian Rupees, unless otherwise stated)

**39 Financial risk management**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies. The board regularly meets to decide its risk management activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is also assisted by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

The Company has exposure to the following risks arising from financial instruments:
- credit risk - see note (a) below
- liquidity risk - see note (b) below
- market risk - see note (c) below

**(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess impairment loss or gain. The Company uses a matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and Company's historical experience for customers.

**(i)** The company has not made any provision on expected credit loss on trade receivables and other financials assets, based on the management estimates.

**(ii)** Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department is responsible for liquidity and funding. In addition policies and procedures relating to such risks are overseen by the management.

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from the operations.

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Total current assets (A) | 11,807.09 | 9,236.93 |
| Total current liabilities (B) | 6,435.30 | 7,885.40 |
| **Working capital (A-B)** | **5,371.79** | **1,351.52** |
| **Current Ratio:** | **1.83** | **1.17** |

**Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.**

| | As at 31 March 2023 | | | |
|---|---|---|---|---|
| | Contractual cash flows | | | |
| | Carrying value | Less than 1 year | More than 1 year | Total |
| Borrowings | 5,037.11 | 5,037.11 | - | 5,037.11 |
| Trade payables | 1,341.10 | 1,325.38 | 15.72 | 1,341.10 |
| Other liabilities | 11.02 | 4.11 | 6.91 | 11.02 |

| | As at 31 March 2022 | | | |
|---|---|---|---|---|
| | Contractual cash flows | | | |
| | Carrying value | Less than 1 year | More than 1 year | Total |
| Borrowings | 5,026.20 | 4,671.80 | 354.40 | 5,026.20 |
| Trade payables | 965.13 | 965.13 | | 965.13 |
| Other liabilities | 6.91 | 6.91 | - | 6.91 |

**(c) Market risk**

Market risk is the risk that changes with market prices – such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(1) Foreign currency risk :**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in its functional currency (INR) and in other foreign currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expense is denominated in a foreign currency.

(All amounts in Indian Rupees, unless otherwise stated)

**Following is outstanding foreign currency unhedged exposure :**

**(i) Financial assets**

| Financial assets | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Foreign currency | Equivalent amount in rupees | Foreign currency | Equivalent amount in rupees |
| | | | | |
| **USD** | | | | |
| **Trade receivables** | | | | |
| USD | | | 9.03 | 684.24 |
| Euro | - | - | - | - |
| **Advance to suppliers** | | | | |
| USD | 3.56 | 292.69 | 2.11 | 159.87 |
| Euro | 0.02 | 1.85 | 0.01 | 0.45 |
| GBP | | | 0.00 | 0.32 |
| **Balance with banks - in EEFC accounts** | 0.08 | 6.39 | 19.38 | 1,468.83 |
| | **3.66** | **300.93** | **30.53** | **2,313.71** |

**Note:** Amounts seen as (0.00) are below the disclosure threshold of the company.

**(ii) Financial liabilities**

| Financial liabilities | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Foreign currency | Equivalent amount in rupees | Foreign currency | Equivalent amount in rupees |
| **USD** | | | | |
| **Trade payable** | | | | |
| USD | 14.36 | 1,180.29 | 12.31 | 932.78 |
| Euro | 0.14 | 12.73 | 0.15 | 12.77 |
| GBP | - | - | - | - |
| **Packing credit in foreign currency** | - | - | 61.63 | 4,671.80 |
| **Advance from customer** | | | 27.95 | 2,118.96 |
| | **14.50** | **1,193.02** | **102.04** | **7,736.31** |

**(iii) Currency wise net exposure (Financial assets - Financial liabilities)**

| Currency wise net exposure (assets - liabilities) | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| Particulars | Foreign currency | Equivalent amount in rupees | Foreign currency | Equivalent amount in rupees |
| USD | (10.72) | (881.21) | (71.37) | (5,410.60) |
| EUR | (0.12) | (10.88) | (0.15) | (12.32) |
| GBP | - | - | 0.00 | 0.32 |
| **Total** | **(10.84)** | **(892.09)** | **(71.52)** | **(5,422.60)** |

**(iv) Sensitivity analysis**

| | Impact on profit/equity (1% strengthening) | | Impact on profit/equity (1% weakening) | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| USD | (8.81) | (54.11) | 8.81 | 54.11 |
| EUR | (0.11) | (0.12) | 0.11 | 0.12 |
| GBP | - | 0.00 | - | (0.00) |
| **Total** | **(8.92)** | **(54.23)** | **8.92** | **54.23** |

**(2) Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rates by selection appropriate type of borrowings and by negotiation with the bankers.

**The exposure of the borrowings (long term and short term ) to interest rate changes at the end of the reporting period are as follows:**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Variable rate borrowings | 5,037.11 | 5,026.20 |
| Fixed rate borrowings | | |
| **Total borrowings** | **5,037.11** | **5,026.20** |

**Sensitivity analysis**

**Impact on profit before tax /pre- tax equity :**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Increase by 50 basis points | (25.19) | (25.13) |
| Decrease by 50 basis points | 25.19 | 25.13 |

**40 Capital management**

The Company's capital comprises equity share capital, surplus in the statement of profit and loss and other equity attributable to equity holders.

The Company's objectives when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders,
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using debt-equity ratio, which is net debt divided by total equity. These ratios are illustrated below:

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Total liabilities** | 6,447.70 | 8,250.18 |
| **Less: cash and cash equivalents and bank balances** | 5,914.18 | 8,002.23 |
| **Net debt** | 533.52 | 247.94 |
| **Total equity** | 5,670.58 | 1,175.97 |
| **Debt-equity ratio** | 0.09 | 0.21 |

(All amounts in Millions, unless otherwise stated)

**41 Ratios as per the Schedule III requirements**

**(a) Current Ratio = Current Assets divided by Current Liabilities**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Current Assets | 11,807.09 | 9,236.93 |
| Current Liabilities | 6,435.30 | 7,885.40 |
| **Ratio (Times)** | **1.83** | **1.17** |
| % Change from previous period / year | 56.63% | 12.45% |

Increase in inventory holding and receivables has resulted in the change when compared to previous year.

**(b) Debt Equity ratio = Total debt divided by Total equity where total debt refers to sum of current & non current borrowings**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Total Debt | 5,037.11 | 5,026.20 |
| Total Equity | 5,670.58 | 1,175.97 |
| **Ratio (Times)** | **0.89** | **4.27** |
| % Change from previous period / year | 79.22% | -46.63% |

The company raised capital of Rs. 400.00 crores during the year hence the ratio has improved considerably

**(c) Debt Service Coverage Ratio (DSCR) = Earnings available for debt services divided by Total interest and principal repayments**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Profit for the year | 720.12 | 656.14 |
| Add: Non cash operating expenses and finance cost | | |
| Depreciation and amortisation expense | 18.20 | 21.75 |
| Finance costs | 30.00 | 113.22 |
| Earnings available for debt services | **768.32** | **791.11** |
| Interest cost on borrowings | 30.00 | 72.40 |
| Principal repayments (including certain prepayments ) | 354.40 | |
| Total Interest and principal repayments | **384.40** | **72.40** |
| **Ratio (Times)** | **2.00** | **10.93** |
| % Change from previous period / year | -81.71% | - |

The working capital term loan borrowed was repaid in entirety

**(c) Return on Equity Ratio / Return on Investment Ratio = Net profit after tax divided by Equity**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Profit for the year | 720.12 | 656.14 |
| Total Equity | 5,670.58 | 1,175.97 |
| **Ratio** | **12.70%** | **55.80%** |
| % Change from previous period / year | -77.24% | -11.68% |

The total equity when compared to previous year has increased due to public issue of Rs. 400.00 crores hence the change in the ratio.

**(d) Inventory Turnover Ratio = Cost of Material Consumed plus Changes in Inventory divided by Closing Inventory**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Cost of materials consumed | 11,192.23 | 10,005.85 |
| Closing Inventory | 2,285.11 | 272.51 |
| **Inventory Turnover Ratio** | **4.90** | **36.72** |
| % Change from previous period / year | -86.66% | 1097.33% |

Turnover over for the last quarter was Rs. 5105.45 million, hence the ratio has increased when compared to the previous year.

**(e) Trade Receivables Turnover ratio = Credit sales divided by Closing Trade Receivables**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Credit Sales | 12,536.29 | 10,994.12 |
| Closing Trade Receivables | 3,195.32 | 694.94 |
| **Trade Receivable Turnover Ratio** | **3.92** | **15.82** |
| **Ratio (Days)** | **93.03** | **23.07** |
| | -303.24% | **227.67%** |

Turnover over for the last quarter was Rs. 5105.45 million, hence the ratio has increased when compared to the previous year.

(All amounts in Millions, unless otherwise stated)

**(f) Trade payables turnover ratio = Cost of Material Consumed divided by closing trade payables**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Cost of Material purchased | 12,630.68 | 9,293.43 |
| Closing Trade Payables | 1,341.10 | 965.13 |
| **Trade Payables Turnover Ratio** | **9.42** | **9.63** |
| **Ratio (Days)** | **38.75** | **37.91** |
| % Change from previous period / year | 2.24% | -47.16% |

Terms of payment to suppliers for Majority of the Purchase is against advance. Hence the ratio has increased

**(g) Net capital Turnover Ratio =Revenue from Operations divided by Net Working capital whereas net working capital= current assets - current liabilities**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Revenue from operations | 12,536.29 | 11,022.73 |
| Net Working Capital | 10,408.90 | 6,023.33 |
| **Ratio (Times)** | **1.20** | **1.83** |
| % Change from previous period / year | -34.19% | -52.19% |

The funds raised during the third quarter of the financial year was not fully deployed hence there is a change in the ratio.

**(h) Net profit ratio = Net profit after tax divided by Revenue from operations.**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Profit for the year | 720.12 | 656.14 |
| Revenue from operations | 12,536.29 | 11,022.73 |
| **Ratio (%)** | **5.74** | **5.95** |
| % Change from previous period / year | -3.50% | 29.12% |

Due to significant depreciation in INR and increase in finance cost, the net profit has reduced when compared to previous year.

**(i) Return on Capital employed (ROCE) = (EBIT) divided by Capital Employed**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Profit/(Loss) Before Tax (A) | 861.03 | 755.61 |
| Forex Loss (B) | 291.02 | 168.82 |
| Other Income ( C) | 295.35 | 220.61 |
| Finance Costs (D) | 255.26 | 113.22 |
| **Net Income before Interest (D) = (A)+(B)- (C ) +(D)** | **1,111.96** | **817.04** |
| | | |
| Total Assets (E) | 12,118.28 | 9,426.15 |
| Current Liabilities (F) | 1,398.19 | 3,213.60 |
| Current Investments (G) | - | - |
| **Capital Employed (H)=( E)-(F)-(G)** | **10,720.09** | **6,212.55** |
| **Ratio (D)/(H) (%)** | **10.37%** | **13.15%** |
| Change in basis points (bps) from previous period / year | -89.63% | -86.85% |

The funds raised during the third quarter of the financial year was not fully deployed hence there is a change in the ratio.

(All amounts in Millions, unless otherwise stated)

**42 Operating Segment**

(a) The Company is exclusively engaged in the business of manufacturing of electronic sub-systems and cable harness for both international and domestic aerospace and defence sector. These in the context of the Ind AS 108 Operating Segment, are considered to constitute one single primary segment.

**43 Corporate social responsibility**

| Sr. No | Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| 1 | CSR Amount Required to be spent for the year | 8.54 | 4.00 |
| 2 | CSR Amount unspent/(Excess spent for set-off) for the past year | (0.33) | 1.52 |
| | | **8.21** | **5.52** |
| | Spent during the year | 8.50 | 5.85 |
| | **Amount unspent/(Available for set-off in succeeding financial year)** | **(0.29)** | **(0.33)** |

| Sr. No | Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| 1 | JSS Mahavidyapeetha | | 3.00 |
| 2 | The National Association for the Blind | | 0.50 |
| 3 | People for Animals | 0.90 | 0.50 |
| 4 | families in associated with Chennarayana pattana Police station) | | 0.25 |
| 5 | PM CARE COVID19 | | 1.52 |
| 6 | PMO National Relief Fund | | 0.08 |
| 7 | National Defence Fund | | |
| 8 | JSS Mahavidyapeetha | 7.00 | |
| 9 | Swami Shivanand Seva Samiti | 0.50 | |
| 10 | Tapas Trust | 0.10 | |
| | **Total** - | **8.50** | **5.85** |

**44. A** Previous year's figures have been regrouped/reclassified wherever necessary to conform current year's presentation.The Company does not have any Exceptional Item to report for the current period.

**44. B Pending Litigation**

| Name of the Statute | Nature of the Dues | Amount | Amount Paid under protest | Period to which the amount relates | Forum |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 0.43 | Nil | AY 2021-22 | ITO Ward -2 (1)(3) |
| Income Tax Act, 1961 | Income Tax | 3.63 | 0.95 | AY 2020-21 | COMMISSIONER OF INCOME TAX (APPEALS), |
| Income Tax Act, 1961 | Interest on Income Tax | 0.00(Rs. 73.00) | Nil | AY 2014-15 | ITO Ward -2 (1)(3) |

**45** The financial statements has been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May , 2023.

**For**
**NBS & Co.**
**Chartered Accountants**
**FRN: 110100W**

PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY
Date: 2023.05.19 19:02:07 +05'30'

Pradeep Shetty
M No: 046940
Place:Mumbai
Date:19-05-2023
UDIN:23046940BGPTTW2150

**For and on behalf of the Board of Directors of**
**DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)**
CIN: L31908KA2011PLC061686

H S RAGHAVENDRA RAO
Digitally signed by H S RAGHAVENDRA RAO
Date: 2023.05.19 18:45:52 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARA KRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM
Date: 2023.05.19 18:46:15 +05'30'

R Sankarakrishnan
Non-Executive Director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S
Date: 2023.05.19 18:46:43 +05'30'

K S Ranga
Chief Financial Officer
Place : Bangalore
Date:19-05-2023

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar
Date: 2023.05.19 18:47:06 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

**NBS & CO.**
**Chartered Accountants**
14/2, Western India House, Sir P. M. Road, Fort, Mumbai - 400 001.
Tel. : (91-22) 4600 2131 / 2132 / 2133 / 2134 / 2135 / 2136
E-mail : admin@nbsandco.in • Web : www.nbsandco.in

# INDEPENDENT AUDITOR'S REPORT

**To**
**The Board of Directors**
**DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd)**

## Report on the audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of **DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd)** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, 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 ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements 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 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics. We believe that the audit evidence we have obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Key Audit Matters

Key Audit Matters are those matters that in our professional judgment, were of most significance in our audit of the standalone Financial Statements of the Financial year ended March 31, 2023. We have determined that there are no key audit matters to communicate in our report.

**Information other than the Standalone Financial Statements and Auditors' Report thereon.**

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure(s) to Board's Report but does not include the standalone financial Statements and our auditor's report thereon.

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

In connection with our audit of the standalone 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 Financial Statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other 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 ("Ind-AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) rules 2015 as amended.

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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 statements Standalone 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 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 Companies Act, 2013, 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 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 Financial Statements, including the disclosures, and whether the standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 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**

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

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

(d) In our opinion, the aforesaid standalone Financial Statements comply with the accounting standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2023 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 remuneration paid by the Company to its directors during the year is in accordance with provision of section 197 of the Act.

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

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

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

iii. There were no amounts which 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, other than as disclosed in the notes to the accounts, no funds 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(s) or entity(ies), including foreign entities ("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, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("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; and

(c) Based on audit procedures which we 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 (a) and (b) contain any material misstatement.

v. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, for maintaining books of account using accounting software which has a feature of recording audit trail facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014, is not applicable for the financial year ended March 31, 2023.

**For NBS & CO.**
**Chartered Accountants**
**Firm Registration No.110100W**

**Pradeep Shetty**
**Partner**
**Membership No. 046940**
**UDIN: 23046940BGPTTW2150**
**Place: Mumbai**
**Date: May 19, 2023**

**Annexure A to the Independent Auditor's Report**

As referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date on the standalone financial statements of **DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd)** for the year ended March 31, 2023.

Statement on Matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order"):

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

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

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The major Property, Plant and Equipment of the company have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanation given to 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 lessee) 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) According to the information and explanation 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 during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, in our opinion, the coverage and procedure of such verification by the management is appropriate. As informed to us, any discrepancies of 10% or more in the aggregate for each class of inventory were not noticed on such verification.

(b) In our opinion and according to the information and explanations given to us and based on the audit procedures performed by us, the company has been sanctioned working capital limits in excess of Rupees Five Crores, in aggregate, from banks or Financial Institutions which are secured on the basis of security of current assets. According to the explanations given to us and based on our verification the returns filed by the company are generally in agreement with the books of accounts.

(a) (iii) During the year the Company has, provided guarantees to subsidiary which are detailed below: Amount in Rs.mn

| Particulars | Guarantees | Security | Loans | Advance in the nature of loans |
|---|---|---|---|---|
| Aggregate amount granted/ provided during the year | 450.00 | Nil | Nil | Nil |
| Balance outstanding as at balance sheet | 450.00 | Nil | Nil | Nil |

(b) During the year the investments made by the company in its subsidiary and guarantees provided /security given to its subsidiary under the terms and conditions are not prejudicial to the company's interest.

(c) Since the company has not granted any loans and advances to any companies the requirement to reporting on this clause of the order is not applicable to the company.

(d) Since the company has not granted any loans and advances to any companies the requirement to reporting on this clause, on overdue on loans, of the order is not applicable to the company.

(e) Since the company has not granted any loans and advances to any companies, the requirement of reporting on this clause for renewal or extension or fresh loans granted to settle the overdue of existing loans is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, there are no loans, guarantees and securities given in respect of which provisions of sections 185 and 186 of the Act are applicable. Hence, not commented upon. In our opinion and according to the information and explanations given to us, provisions of the section 186 of the Act for the investments made by the Company have been complied with by the Company.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits under section 73 to 76 of the Act. Hence, reporting under clause 3 (v) of the Order is not applicable.

(vi) Since the company is an MSME, the rules made by the Central Government for the maintenance of cost records under section 148 of the Act, is not applicable to the company. Hence reporting under this clause of the order is not applicable.

(vii) In respect of statutory dues:

(a) The Company is 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, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no dues in respect of 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 that have not been deposited with the appropriate authorities on account of any dispute except as follows:

| Name of the Statute | Nature of the Dues | Amount | Amount Paid under protest | Period to which the amount relates | Forum |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 4,35,930.00 | Nil | AY 2021-22 | ITO Ward -2 (1)(3) |
| Income Tax Act, 1961 | Income Tax | 36,34,570.00 | 9,50,000/- | AY 2020-21 | COMMISSIONER OF INCOME TAX (APPEALS), |
| Income Tax Act, 1961 | Interest on Income Tax | 73.00 | Nil | AY 2014-15 | ITO Ward -2 (1)(3) |

(viii) According to the information and explanations given to us and the records of the Company examined by us, as at March 31, 2023, there were no such transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) The Company has not defaulted in repayment of any loans or other borrowings or in the payment of interest there on to any lender during the year.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not raise any money under any term loans during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

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

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the company.

(x) (a) In our opinion and according to the information and explanations given to us, the company has utilized the money raised by way of initial public offer for the purposes for which they were raised.

(b) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) during the year.

(xi) (a) According to the information and explanation given to us, any fraud by the company or any fraud on the company by its officers or employee has not been noticed or reported during the year.

(b) In view of what is reported above the provisions of paragraph 3 (xi) (b) of the order is not applicable to the company.

(c) According to the information and explanation given to us, no whistle-blower complaints, received during the year by the company.

(xii) Company is not a Nidhi company, accordingly provisions of the Clause 3(xii) of the Order is not applicable to the company

(xiii) According to the information and explanations given to us, we are of the opinion that all transactions with related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standards and the Companies Act, 2013.

(xiv) (a) According to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors for the period under audit.

(xv) According to the information and explanations given to us, we are of the opinion that the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, the provisions of clause 3(xv) of the Order is not applicable.

(xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3(xvi) (a) of the order are not applicable to the company.

(b) In our opinion, the company is not engaged in any non-banking financial or housing finance activities. Accordingly, the requirement to report on this clause is not applicable to the company.

(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly the provisions of paragraph 3 (xvi) (c) of the Order are not applicable to the company.

(d) The company does not have any CIC as part of its group. Accordingly, the provisions of paragraph 3 (xvi) (d) of the Order are not applicable to the company

(xvii) According to the information and explanations given to us and based on the audit procedures conducted we are of opinion that the company has not incurred any cash losses in the current financial year and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly, the provisions of clause 3(xviii) of the Order is not applicable.

(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 indicating that company is incapable 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) Since there is no unspent amount towards corporate social responsibility at the balance date, the provisions of this clause of the order is not applicable to the company.

(xxi) The reporting under paragraph 3 (xxi) of the order is not applicable in respect of Audit of Standalone Financial Statement. Accordingly, no comment in respect of paragraph 3 (xxi) has been included in the report.

**For NBS & CO.**
**Chartered Accountants**
**Firm Registration No.110100W**

**Pradeep Shetty**
**Partner**
**Membership No. 046940**
**UDIN: 23046940BGPTTW2150**
**Place: Mumbai**
**Date: May 19, 2023**

## Annexure B to the Independent Auditor's Report

(Referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our Independent auditors report of even date on the financial statements of **DCX Systems Limited (Formerly known DCX Cables Assemblies Pvt Ltd)** for the year ended March 31, 2023)

**Report on Internal Financial Controls over financial reporting 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 **DCX Systems Limited (Formerly known DCX Cables Assemblies Pvt Ltd)** (the 'Company') as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's responsibility for internal financial controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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 the 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 Act.

**Auditor's responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing as specified under section 143(10) of the Act, to the extent 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 with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls systems over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

**Meaning of internal financial controls over financial reporting with reference to these standalone financial statements**

A Company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that:

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

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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

**NBS & CO.**
**Chartered Accountants**

Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For NBS & CO.**
**Chartered Accountants**
**Firm Registration No.110100W**

**Pradeep Shetty**
**Partner**
**Membership No. 046940**
**UDIN: 23046940BGPTTW2150**

**Place: Mumbai**
**Date: May 19, 2023.**