NAVEEN ASSOCIATES
CHARTERED ACCOUNTANTS

460, FIE, Patparganj Industrial Area., Delhi -110 092
Telephone: (011) 42641213, email: njainfca@yahoo.co.in

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF M/S FINEMS ELECTRONICS PRIVATE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Opinion
We have audited the standalone financial statements of **M/s Finems Electronics Private Limited**, which comprise the balance sheet as at 31st March 2023, and the statement of Profit and Loss, *(statement of changes in equity)* and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit/loss, *(changes in equity)4* and its cash flows for the year ended on that date.

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

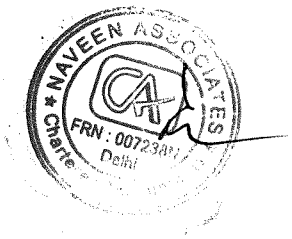
Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 Financial Statements

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

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

The boards of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

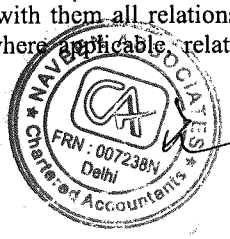
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

Report on other legal and regulatory requirements

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.

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 including other comprehensive incomes, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

(e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

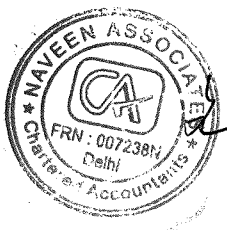
(f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017; and

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

i. The Company does not have any pending litigations which would impact its Ind AS financial statement.

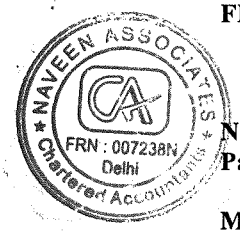
ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There was no amount required to be transferred to the Investor Education and Protection Fund by the Company.



iv. 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 (edit log) 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 Naveen Associates
Chartered Accountants
FRN – 007238N



Naveen Jain
Partner

M.No. 082583

Date: 16.05.2023
Place: Delhi
UDIN: 23082583BGZIWW7763

ANNEXURE A CONTAINING REPORT ON MATTERS REQUIRED BY CARO, 2020

Re: FINEMS ELECTRONICS PRIVATE LIMITED
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Referred to in paragraph 5 of our report of even date

(i) (a) (A) The Company does not held any Property, plant and equipment, hence this clause is not applicable.

(B) The Company does not have Intangible assets; hence this clause is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company does not have the immovable property.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The company does not held inventory during the year, hence this clause in not applicable to the company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not sanctioned working capital limits during the year.

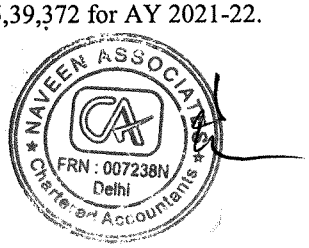
(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year.

(iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable except income tax payable of Rs. 5,39,372 for AY 2021-22.



(b) According to the information and explanations given to us, there are no dues of GST, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Value added tax, Cess or other statutory dues which have not been deposited by the Company on account of disputes.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short-term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

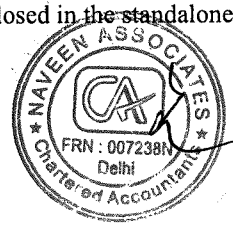
(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.



(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company does not has an internal audit system commensurate with the size and nature of its business.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has incurred RS/- 29300 cash losses in the current and RS/- 2596 in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For Naveen Associates
Chartered Accountants
FRN – 007238N

Naveen Jain
Partner
M.No. 082583

Date: 16.05.2023
Place: Delhi
UDIN: 23082583BGZIWW7763

FineMS Electronics Private Limited
CIN: U32100UP2016PTC084743
Balance sheet as at March 31, 2023

	Notes	As at 31-Mar-23 INR in lacs	As at 31-Mar-22 INR in lacs
Assets			
Non-current assets			
Property, plant and equipment		-	-
		-	-
Current assets			
Inventories		-	-
Financial assets	1		
Trade receivables	1 (a)	28	29
Cash and cash equivalents	1 (b)	0	1
	1 (c)	0	0
Bank balances other than cash and cash equivalents			
Other financial assets	1 (d)	0	0
Other current assets	2	-	0
		29	30
Total assets		**29**	**30**
Equity and liabilities			
Equity			
Equity share capital	3	100	100
Other equity	3(a)	(77)	(151)
Total equity		**23**	**(51)**
Non-current liabilities			
Deferred tax liabilities		-	-
Current liabilities			
Financial liabilities	4		
Borrowings	4 (a)	-	2
Trade payables	4 (b)	-	70
Other financial liabilities	4 (c)	0	4
Current Tax Liabilities		5	5
		5	81
Total liabilities		**5**	**81**
Total equity and liabilities		**29**	**30**

"Signed in terms of our Report of Even Date Attached"

For Naveen Associates (FRN: 007238N)

Naveen Jain
Partner
M.No-082583
Date : 16.05.2023
Place : Delhi

NAVEEN ASSOCIATES * Chartered Accountants * FRN: 007238N Delhi

For Finems Electronics Private Limited

Arun Kumar Ramlaubhaya Kochhar
DIN:- 06567504
Director

Mukesh Kumar Gupta
DIN:- 00031013
Director

FineMS Electronics Private Limited
CIN: U32100UP2016PTC084743
Statement of profit and loss for the year ended 31 March 2023

	Notes	31-Mar-23 INR in lacs	31-Mar-22 INR in lacs
Continuing operations			
Income			
Revenue from operations	5	-	-
Other income	6	80	-
		80	-
Expenses			
Purchase of material		-	-
Changes in inventories of stock-in-trade		-	-
Employee benefits expense		-	-
Depreciation and amortization expense		-	-
Other expenses	7	6	3
Total expenses		6	3
Profit/(loss) before tax		74	(3)
Tax expense:			
Adjustment of previous year Income tax		-	5
		-	5
Profit for the year		74	(8)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations			
Income tax effect			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income for the year		74	(8)
Earnings per share			
Basic and diluted earnings per share	8	7.40	-0.79

"Signed in terms of our Report of Even Date Attached"

For Naveen Associates (FRN: 007238N)

Naveen Jain
Partner
M.No-082583

Date : 16.05.2023
Place : Delhi

NAVEEN ASSOCIATES * Chartered Accountants * FRN : 007238N Delhi

For Finems Electronics Private Limited

Arun Kumar Ramlaubhaya Kochhar
DIN:- 06567504
Director

Mukesh Kumar Gupta
DIN:- 00031013
Director

FineMS Electronics Private Limited
CIN: U32100UP2016PTC084743
Statement of cash flows for the year ended March 31, 2023

	Notes	31-Mar-23 INR in lacs	31-Mar-22 INR in lacs
Operating activities			
Profit before tax		74	(3)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment		-	-
Profit on disposal of property, plant and equipment		-	-
Finance income		-	-
		74	(3)
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		1	-
(Increase)/decrease in inventories		-	-
Increase/(decrease) in trade and other payables		(74)	3
		1	(0)
Income tax paid		-	-
Net cash flow from operating activities		1	(0)
Investing actvities			
Proceeds from sale of property, plant and equipment		-	-
Purchase of fixed assets including CWIP and capital advances		-	-
Proceeds from / (Investments in) fixed deposits with original maturities more than 3 months		-	-
Interest received (finance income)		-	-
Net cash flows used in investing activities		-	-
Financing activities			
(Repayment) of short-term borrowings (net)		(2)	-
Proceeds from issue of share capital		-	-
Net cash flows from/(used in) financing activities		(2)	-
Net increase in cash and cash equivalents		(0)	(0)
Cash and cash equivalents at the beginning of the year		1	1
Cash and cash equivalents at year end		0	1
Components of cash and cash equivalents			
Balances with banks in current accounts		0	1
Cash on hand		-	-
		0	1

"Signed in terms of our Report of Even Date Attached"

For Naveen Associates (FRN: 007238N)

Naveen Jain
Partner
M.No-082583
Date : 16.05.2023
Place : Delhi

NAVEEN ASSOCIATES * FRN : 007238N Delhi * Chartered Accountants

For Finems Electronics Private Limited

Arun Kumar Ramlaubhaya Kochhar
DIN:- 06567504
Director

Mukesh Kumar Gupta
DIN:- 00031013
Director

FineMS Electronics Private Limited
CIN: U32100UP2016PTC084743
Statement of changes in equity for the year ended 31 March 2023

3(a). Equity Share Capital
Equity shares of INR 10 each issued, subscribed and fully paid

	No. in lacs	INR in lacs
At 1 April 2021	10	100
Issue of share capital	-	-
At 31 March 2022	10	100
Issue of share capital	-	-
At 31 March 2023	10	100

b. Other Equity

For the year ended 31 March 2023

	Other equity - Reserves and surplus	
	Retained earnings	Total in lacs
As at 1 April 2022	(151)	(151)
Profit for the year	74	74
Other comprehensive income	-	-
Total comprehensive income	74	74
As at 31 March 2023	(77)	(77)

For the year ended 31 March 2022

	Other equity - Reserves and surplus	
	Retained earnings	Total in lacs
As at 1 April 2021	(143)	(143)
Issued during the year		
Profit for the year	(8)	(8)
Other comprehensive income	-	-
Total comprehensive income	(8)	(8)
As at 31 March 2022	(151)	(151)

FineMS Electronics Private Limited
CIN: U32100UP2016PTC084743
Notes to the financial statements as at March 31, 2023

1. Current financial assets

	As at 31-Mar-23 INR in lacs	As at 31-Mar-22 INR in lacs
(a) Trade receivables		
Undisputed Trade receivables - considered good	28	29
	28	**29**

***Trade receivables ageing schedule**

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
	More than 3 years	**More than 3 years**
(i) Undisputed Trade receivables - considered good	28	29
(ii) Undisputed Trade receivables - considered doubtf	-	-
(iii) Disputed Trade receivables - considered good	-	-
(iv) Disputed Trade receivables - considered doubtful	-	-
	28	**29**

(b) Cash and cash equivalents		
Cash on hand	-	-
Balances with banks in current accounts	0	1
	0	**1**
(c) Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than 3 months but less than 12 months	0	0
	0	**0**
(d) Other financial assets		
Interest receivable	0	0
	0	**0**

2. Other current assets

	As at 31-Mar-23 INR in lacs	As at 31-Mar-22 INR in lacs
Taxes recoverable	-	0
	-	**0**

FineMS Electronics Private Limited
CIN: U32100UP2016PTC084743
Notes to the financial statements as at March 31, 2023

3. Equity share capital

	As at 31-Mar-23	As at 31-Mar-22
	INR in lacs	INR in lacs
Authorised shares		
10,00,000 (31 March, 2023: 10,00,000) equity shares of INR 10 each	100	100
Issued, subscribed and fully paid-up shares		
10,00,000 (31 March, 2023: 10,00,000) equity shares of INR 10 each	100	100
	100	100

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period
Equity shares

	As at March 31, 2023		As at March 31, 2022	
	No. in lacs	INR in lacs	No. in lacs	INR in lacs
At the beginning of the period	10	100	10	100
Issued during the period	-	-	-	-
Outstanding at the end of the period	10	100	10	100

(ii) Terms/rights attached to equity shares
The company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. in lacs	% holding	No. in lacs	% holding
Equity shares of Rs. 10 each fully paid				
Optiemus Infracom Limited	6	60%	6	60%
SC Finetechnix India Pvt. Ltd.	4	40%	4	40%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents beneficial ownerships of shares.

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4. Current financial liabilities

	As at 31-Mar-23	As at 31-Mar-22
	INR in lacs	INR in lacs
(a) Borrowings		
Unsecured loans	-	2
	-	**2**
(b) Trade payables	-	70

***Trade Payables Ageing Schedule**

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
	More than 3 years	**More than 3 years**
(i) MSME	-	-
(ii) Others	-	70
(iii) Disputed dues - MSME	-	-
(iv) Disputed dues - Others	-	-
Total	-	70

(c) Other financial liabilities		
Audit Fee payable	0	1
Other expenses payable	-	3
	0	**4**

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5. Revenue from operations

	31-Mar-23	31-Mar-22
	INR in lacs	INR in lacs
Sale of products	-	-
Other operating revenues	-	-
	-	-

6. Other income

	31-Mar-23	31-Mar-22
	INR in lacs	INR in lacs
Amount written back	80	-
Insurance amount received	-	-
Foreign exchange fluctuation gain	-	-
	80	-

7. Other expenses

	31-Mar-23	31-Mar-22
	INR in lacs	INR in lacs
Audit Fees	0	0
Bank Charges	-	0
Foreign Fluctuation Expenses	6	2
Amount Written off	0	-
	6	**3**

*Payment to auditor

	31-Mar-23	31-Mar-22
	INR in lacs	INR in lacs
As auditor:		
Audit fee	0	0
	0	**0**

8. Earnings per share

	31-Mar-23	31-Mar-22
	INR in lacs	INR in lacs
Profit attributable to equity holders of the parent	74	-8
Weighted average number of equity shares	10	10
Basic and diluted earnings per share	7.40	-0.79

9. Significant accounting judgements, estimates and assumptions

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

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

Useful life of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event if it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best esitmates. Contingent liabilities are not recognised in financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Carrying value and approximate fair values of financial instruments are same.

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Notes to Financial Statements for the year ended 31 March 2023

10. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Market risk

The Company is exposed to foreign exchange risk through its sales and services outside India, and purchases and services from overseas suppliers in various foreign currencies. The exchange rate between the rupee and foreign currencies may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates / depreciates against these currencies.

The foreign currency risks from financial instruments were as follows :

Particulars		Currency	Amount in foreign currency	Amount in INR in lacs
Trade payables	31-Mar-23	USD	-	-
	31-Mar-22	USD	89,922	68

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers located primarily in India. Credit risk has always been managed by the Company 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.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements.

11. Details of dues to meiro, small and medium enterprises as defined under MSMED Act, 2006.

There are no micro, small and medium enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at March 31, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

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Notes to Financial Statements for the year ended 31 March 2023

12. Fair value measurements
a. Break-up of Financial instruments carried at amortised costs

	31-Mar-23	31-Mar-22
	INR in lacs	INR in lacs
Financial assets		
Trade receivables	28	29
Cash and cash equivalents	0	1
Bank balances other than cash and cash equivalents	0	0
Other financial assets	0	0
	29	**30**
Financial liabilities		
Borrowings	-	2
Trade payables	-	70
Other financial liabilities	0	4
	0	**76**

Carrying value and approximate fair values of financial instruments are same.

13. Segment reporting
The Company was operating in single business segment i.e., manufacturing of mobile accessories; and single geographical segment i.e., Domestic.

14. Related Party Disclosures
Names of related parties and related party relationship

Holding Company — Optiemus Infracom Limited

Associates/entities in which KMP/ relatives of KMP can exercise significant influence
GDN Enterprises Private Limited
Teleecare Network India Private Limited

Related Party Disclosure

Balances	**Nature of**	**Amount of transaction**		**Balance receivable/(payable) as on**	
		31-Mar-23 INR in lacs	**31-Mar-22 INR in lacs**	**31-Mar-23 INR in lacs**	**31-Mar-22 INR in lacs**
Teleecare Network India Private Limited	Sales	-	-	-	0
GDN Enterprises Private Limited	Sales	-	-	28	29

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Notes to Financial Statements for the year ended 31 March 2023

15. Additional Regulatory Information

Ratios

Ratio	Numerator	Denominator	Current Year	Previous Year
Current ratio (in times)	Total current assets	Total current liabilities	5.28	0.37
Debt-Equity ratio (in times)	Debt consists of borrowings and lease liabilities	Total equity	0.00	-0.03
Debt service coverage ratio (in times)	Net Profit after taxes + Non-cash operating expenses + Interest +	Debt service = Interest and lease payments + Principal repayments	N.A.	N.A.
Return on equity ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	-541.91%	0.00%
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	0	0
Trade payables turnover ratio (in times)	Cost of purchases + Other expenses	Average trade payables	0.18	0.00
Return on capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Lease libilities + Deferred tax libilities	316.99%	4.95%

"Signed in terms of our Report of Even Date Attached"

For Naveen Associates (FRN: 007238N)

Naveen Jain
Partner
M.No-082583
Date : 16.05.2023
Place : Delhi

NAVEEN ASSOCIATES * Chartered Accountants * FRN : 007238N Delhi

For Finems Electronics Private Limited

Arun Kumar Ramlaubhaya Kochhar
DIN:- 06567504
Director

Mukesh Kumar Gupta
DIN:- 00031013
Director

Fine MS Electronics Private Limited
CIN: U32100UP2016PTC084743

Notes to the Financial Statements

1. Corporate Information

FineMS Electronics Pvt. Ltd.("the Company") is a private company incorporated on 09/07/2016;.The company is engaged mainly in the business of manufacturing and selling of mobile accessories.

2. Significant Accounting Policies

2.1 Basis of Preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules 2015, read with Section 133 of Companies Act 2013.

These financial statements have been prepared on a historical cost basis. These financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest rupees, except when otherwise indicated.

These financial statements are authorized for issue in accordance with a resolution of the directors on 15th May, 2023.

2.2 Summary of Significant Accounting Policies

2.2.1 Use of Estimates

The preparation of financial statements in conformity with Ind AS recognition and measurement principles and, in particular, making the critical accounting judgments require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances or obtaining new information or more experience may result in revised estimates, and actual results could differ from those estimates.

2.2.2Classification of Assets and Liabilities as Current or Non-Current

The Company presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position on the basis of realization of assets.

An asset is classified as current when it is:

- expected to be realized or intended to sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.3 Revenue Recognition

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. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sales tax/ value added tax (VAT)/goods and service tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

The Company derives revenues primarily from sale of mobile handsets and accessories.

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc.

Interest Income

For all financial assets measured at amortized cost interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Others

Other incomes are recognized on accrual basis.

2.2.4 Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment. Cost includes all related costs directly attributable to the acquisition or construction of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Except for land, property, plant and equipment is depreciated using the straight-line method over the useful lives of the related assets as presented in Schedule 2 of Companies Act, 2013.

Major improvements, which add to productive capacity or extend the life of an asset, are capitalized, while repairs and maintenance are expensed as incurred. Where a property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.The depreciation expense is recognized in the statement of profit or loss in the expense category consistent with the function of the property, plant and equipment.

Property, plant and equipment under construction is recorded as capital work- in-progress until it is ready for its intended use; thereafter it is transferred to the related class of property, plant and equipment and depreciated over its estimated useful life. Interest incurred during construction is capitalized if the borrowing cost is directly attributable to the construction.

Gains or losses arising from de-recognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date and adjusted if expectations differ from previous estimates. Depreciation methods applied to property, plant and

equipment are reviewed at each reporting date and changed if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset.

2.2.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as finite. Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

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

2.2.6 Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU)'s fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

2.2.7 Financial instruments

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

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, fair value through OCI or at amortized cost as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Company has the following financial assets in its statement of financial position

- Investments
- Cash
- Bank Balances

- Trade Receivables
- Loans

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at FVTPL or FVTOCI

Financial assets at fair value through profit or loss 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 and loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance income (positive net changes in fair value) or finance costs (negative net changes in fair value) in the statement of profit or loss. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Financial assets at amortised cost

This category is the most relevant to the Company. All Trade and Other Receivables, Loans and Advances fall under this category. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. 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. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either the Company has transferred substantially all the risks and rewards of the asset, or transferred control of the asset.

Impairment of Financial Assets

The objective of the company in recognising the impairment allowance is to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition — whether assessed on an individual or collective basis — considering all reasonable and supportable information, including that which is forward-looking.

Credit Losses are the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Expected Credit Losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Company recognises a loss allowance for expected credit losses on a financial asset that is measured at amortized cost at each reporting date, at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. When making the assessment, the company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial instrument has

not increased significantly since initial recognition if it is determined to have low credit risk at the reporting date.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.For Trade receivables the company always measure the loss allowance at an amount equal to lifetime expected credit losses.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money; and the reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the gross carrying amount using the effective rate of interest unless the financial instrument is credit-impaired in which case the interest income is recognised on reduced carrying amount. The interest income is recorded as part of finance revenue in the statement of profit or loss.

Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

ii. Financial Liabilities

The Company has the following financial liabilities in its statement of financial position

- Borrowings
- Trade payables
- Other Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held-for-trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. The Company has not designated any financial liabilities as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

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. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to notes payable, short-term loans and overdrafts.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

iv. Fair Value of Financial Instruments

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the financial instruments are not materially different at the reporting date.

2.2.8 Cash and Bank Balances

Cash and Bank Balances in the statement of financial position comprise cash at banks and on hand and fixed deposits with banks, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with original maturity of less than 3 months, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.2.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.2.10 Borrowing Cost

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

2.2.11 Provisions

General Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.2.12 Employee Benefits

Employee benefits are all forms of consideration given by the company in exchange for service rendered by employees. Employee benefits include: short-term employee benefits, post-employment benefits and other long-term employee benefits

Short Term Employee Benefits

When an employee has rendered service to the company during an accounting period, the company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid and as an expense. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service during the year, the company recognises the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense) and as an expense.

Defined Benefit Plan

Defined benefit plans are those plans that provide guaranteed benefits to certain categories of employees, either by way of contractual obligations or through a collective agreement.

The company operates unfunded defined benefit plan. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each fiscal year end. The obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Current service cost, which is the increase of the present value of the defined benefit obligation resulting from the employee service in the current period, is recorded as an expense as part of cost of sales and selling, general and administrative expenses in the statement of profit and loss. The interest cost, which is the change during the period in the defined benefit liability that arises from the passage of time, is recognized as part of financing costs in the statement of profit and loss.

2.2.13 Foreign Currencies

The Company's financial statements are presented in Indian Rupees (INR), which is also the company's functional currency. Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item.

2.2.14 Income Tax

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred Tax Expense or Income arises due to temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Temporary differences may be either taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled or deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax liability is recognised for all taxable temporary differences.

2.2.15 Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:
i. Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
ii. Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out basis.

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

2.2.16 Segment Reporting

Identification of segments

The Company is operating in single business i.e., manufacturing of mobile handsets; and single geographical segment i.e., Domestic.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

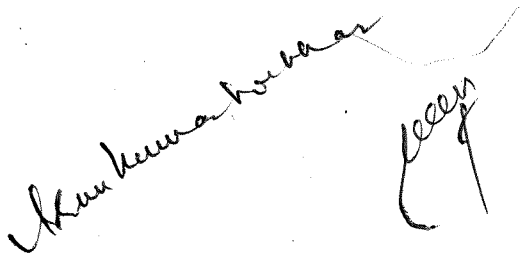
Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.2.17 Earnings per share

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

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

2.2.18 Contingent Liabilities

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.