Deloitte Haskins & Sells

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INDEPENDENT AUDITOR'S REPORT

To The Members of Ace Designers Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Ace Designers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and 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 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 state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity 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 specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of accordance 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 made 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the consolidated financial statements, 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.

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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, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

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

Auditor's Responsibility 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 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Section 143(3) of the Act, based on our audit, 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 Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

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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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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 the provisions 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 32 to the standalone financial statements.

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

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

   iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 46 to the standalone financial statements, 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, 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, as disclosed in Note 46 to the standalone financial statements, 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, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

v. The Company has not declared or paid any dividend during the year.

As stated in Note 51 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Sathya P Koushik
Partner
(Membership No. 206920)
UDIN: 22206920AUHEKA8822

Bengaluru, September 23, 2022

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)
Report on the 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 **Ace Designers Limited** ("the Company") as of March 31, 2022 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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Sathya P Koushik
Partner
(Membership No. 206920)
UDIN: 22206920AUHEKA8822

Bengaluru, September 23, 2022

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) In respect of 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 and capital-work-in-progress.
B. The Company has maintained proper records showing full particulars of intangible assets.

b. Some of the property, plant and equipment and capital-work-in-progress were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all property, plant and equipment and capital-work-in-progress at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. With respect to the immovable properties disclosed in the financial statements included in property, plant and equipment and capital work in progress, according to the information and explanations given to us based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:

Description of property	As at the balance sheet date		Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in the name of the Company
	Gross carrying value	Carrying value in the financial statements				
Sy.No.53/4A, 4B, 4C, 5A, 5B, 5C, 6,7A, 7B & 8 Minnapura village, Nelamangala Taluq Bangalore Rural	3,415	3,415	Karnataka Industrial Area Development Board	No	FY 2018-19	The Company has applied to KIADB for execution of absolute sale deed in respect of the aforesaid leasehold land.

Immovable properties of land and buildings whose title deeds have been pledged as security for guarantees, are held in the name of the Company based on the pledge documents.

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d. The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.

e. No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii)

a. The inventories (except for goods-in-transit and stocks held with third parties), were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year end, written confirmations have been obtained and in respect of goods-in-transit, the goods have been received subsequent to the year end or confirmations have been obtained from the parties. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with the books of account.

b. According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs.5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements and book debt statements filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

(iii) The Company has made investments in, provided guarantee or security and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which

a. The Company has provided loans during the year and details of which are given below:

Amount in Rs. Lakhs

	Loans
A. Aggregate amount granted / provided during the year :	
- Subsidiary	50
B. Balance outstanding as at balance sheet date in respect of the above cases:	
- Subsidiary	50

The Company has not provided any guarantee or security to any other entity during the year.

b. The investments made and the terms and conditions of the grant of all the above-mentioned loans provided during the year are, in our opinion, prima facie, not prejudicial to the Company's interest. The Company has not provided guarantees or given security during the year.

c. In respect of loans granted by the Company, the schedule of repayments of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

d. According to the information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

e. None of the loans granted by the Company have fallen due during the year.

f. According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

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(iv) The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

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

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

a. Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year. There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2022 on account of disputes are given below:

<table>
<tr><th>Name of the Statue</th><th>Nature of the Dues</th><th>Amount involved (Rs. Lakhs)</th><th>Amount unpaid (Rs. Lakhs)</th><th>Period to which the amount relates</th><th>Forum where the dispute is pending</th></tr>
<tr><td>The Customs Act, 1962</td><td>Customs Duty</td><td>1</td><td>-</td><td>2004-05</td><td>The Commissioner of Customs (Appeals)</td></tr>
<tr><td>The Customs Act, 1962</td><td>Customs Duty</td><td>2</td><td>-</td><td>2008-09</td><td rowspan="2">Customs, Excise and Service Tax Appellate Tribunal, Bangalore Assessing Officer</td></tr>
<tr><td>Central Excise Act, 1944 (Cenvat Credit Rules)</td><td>CENVAT Credit</td><td>48</td><td>48</td><td>2007-08 and 2008-09</td></tr>
<tr><td>The KVAT Act, 2003</td><td>Valued Added Tax</td><td>34</td><td>-</td><td>2012-13</td><td>Deputy Commissioner of Commercial Taxes</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income-tax</td><td>140</td><td>-</td><td>2003-04</td><td>Hon'ble High Court of Karnataka</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income-tax</td><td>0.2</td><td>0.2</td><td>2014-15</td><td>Commissioner of Income Tax (Appeals)</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income-tax</td><td>5</td><td>5</td><td>2016-17</td><td>Commissioner of Income Tax (Appeals)</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income-tax</td><td>404</td><td>404</td><td>2017-18</td><td>Commissioner of Income Tax (Appeals)</td></tr>
</table>

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix)

a. In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest to any lender during the year.
b. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
c. To the best of our knowledge and belief, in our opinion, term loans availed by the Company were applied by the Company during the year for the purposes of which the loans were obtained.
d. On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the financial year for long-term purposes by the Company.
e. On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiary, associates or joint venture.
f. The Company has not raised loans during the year on the pledge of securities held in its subsidiary or associates or joint venture.

(x)

a. The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi)

a. To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
b. To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
c. As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable not applicable to the Company.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv)

a. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
b. We have considered, the internal audit reports issued to the Company where issued after the balance sheet date covering the period of April 2021 to March 2022 for the period under audit.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or directors of its Holding Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

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(xvi)

a. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

b. The Group does not have any CIC as part of the group and accordingly, reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

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

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Sathya P Koushik
Partner
(Membership No. 206920)
UDIN: 22206920AUHEKA8822

Bengaluru, September 23, 2022

Ace Designers Limited
Standalone Balance Sheet as at March 31, 2022
(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	3	25,394	19,869
Capital work-in-progress	3	917	3,500
Intangible assets	3	44	35
Financial assets			
Investments	4	2,947	1,767
Loans	6	10	13
Other financial assets	7	195	263
Deferred tax Asset (net)	8	208	379
Non current tax assets (net)	9	107	342
Other non-current assets	10	294	442
		30,116	**26,610**
Current assets			
Inventories	11	21,757	18,520
Financial assets			
Investments	4	2,028	5,666
Trade Receivables	5	8,051	8,513
Cash and cash equivalents	12	1,721	2,030
Other bank balances	13	3,581	2,685
Loans	6	50	40
Other financial assets	7	592	488
Other current assets	10	829	615
		38,609	**38,557**
Total assets		**68,725**	**65,167**
Equity and liabilities			
Equity			
Equity share capital	14	1,188	1,188
Other Equity	15	23,946	21,823
Total equity		**25,134**	**23,011**
Non-current liabilities			
Financial liabilities			
Borrowings	16	6,330	8,408
Other financial liabilities	18	90	98
Provisions	19	353	301
Other non-current liabilities	20	-	6
		6,773	**8,813**
Current liabilities			
Financial liabilities			
Borrowings	16	6,211	4,393
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	17	1,092	2,254
Total outstanding dues of creditors other than micro enterprises and small enterprises	17	19,889	17,308
Other financial liabilities	18	4,138	2,412
Provisions	19	1,219	829
Other current liabilities	20	627	477
Contract liabilities	21	3,642	5,670
		36,818	**33,343**
Total liabilities		**43,591**	**42,156**
Total equity and liabilities		**68,725**	**65,167**
Summary of significant accounting policies	2.1		

See accompanying notes to the standalone financial statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration number : 008072S

Sathya P Koushik
Partner
Membership No. 206920

Place : Bengaluru
Date : September 23, 2022

For and on behalf of
the **Board of Directors of Ace Designers Limited**

S.G.Shirgurkar
Managing Director
DIN: 00173944

B.Machado
Managing Director
DIN: 00174074

B.Raghavendra
Director & CFO
DIN: 01807643

T.P. Sridhar

T.P. Sridhar
Director & CEO
DIN: 08237369

Rajesh R.
Company Secretary
Membership No:F8680

Place : Bengaluru
Date : September 23, 2022

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

ACE DESIGNERS LIMITED BANGALORE 560 058

Ace Designers Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2022
(All amounts are in Indian Rupees Lakhs except share data and per share data, unless stated otherwise)

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	22	97,209	64,166
Other income	23	1,576	972
Total income		**98,785**	**65,138**
Expenses			
Cost of material consumed	24	76,583	45,026
Changes in inventories of finished goods and work-in-progress	25	(2,571)	3,312
Employee benefits expense	26	10,385	7,866
Finance costs	27	1,103	1,482
Depreciation and amortisation expense	28	2,417	2,691
Other expenses	29	8,417	6,289
Total expenses		**96,334**	**66,666**
Profit/(Loss) before tax		**2,451**	**(1,528)**
Tax expense:			
- Current tax		249	-
- Adjustment of tax relating to earlier periods		-	(378)
- Deferred tax		148	(364)
Total tax expense		**397**	**(742)**
Profit/(Loss) for the year		**2,054**	**(786)**
Other comprehensive income			
Items that will not be reclassified to Profit and Loss:			
Re-measurement gains/ (losses) on defined benefit plans		92	(43)
Income tax relating to items that will not be reclassified to profit or		23	(15)
Total other comprehensive (loss) / income		**69**	**(28)**
Total comprehensive (loss) / income for the year		**2,123**	**(814)**
Earnings per equity share [nominal value of shares: Rs. 100 (March 31, 2021: Rs. 100)]			
i. Basic		173	(66)
ii. Diluted		173	(66)
Summary of significant accounting policies	2.1		

See accompanying notes to the standalone financial statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration number : 008072S

Sathya P Koushik
Partner
Membership No. 206920

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place : Bengaluru
Date : September 23, 2022

For and on behalf of
the **Board of Directors of Ace Designers Limited**

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Place : Bengaluru
Date : September 23, 2022

ACE DESIGNERS LIMITED BANGALORE 560 058

Ace Designers Limited
Standalone Statement of changes in equity for the year ended March 31, 2022
(All amounts are in Indian Rupees Lakhs except share data and per share data, unless stated otherwise)

(a) Equity share capital

Equity shares of Rs. 100 each, issued, subscribed and fully paid-up	**Nos.**	**Amount**
As at April 1, 2020	11,88,000	1,188
Shares issued during the year	-	-
Shares bought back during the year	-	-
As at March 31, 2021	11,88,000	1,188
Shares issued during the year	-	-
Shares bought back during the year	-	-
As at 31 March, 2022	11,88,000	1,188

(b) Other equity

Particulars	**Reserve and Surplus**			**Total**
	Capital redemption reserve	**General reserve**	**Retained Earnings**	
As at March 31, 2020	594	1,035	21,008	22,637
Loss for the year	-	-	(786)	(786)
Other comprehensive income (net of tax)	-	-	(28)	(28)
Total Comprehensive Income for the year	-	-	(814)	(814)
As at March 31, 2021	594	1,035	20,194	21,823
Profit for the year	-	-	2,054	2,054
Other comprehensive income (net of tax)	-	-	69	69
Total Comprehensive Income for the year	-	-	2,123	2,123
As at March 31, 2022	594	1,035	22,317	23,946

See accompanying notes to the standalone financial statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration number : 008072S

Sathya P Koushik
Partner
Membership No. 206920

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place : Bengaluru
Date : September 23, 2022

For and on behalf of
the **Board of Directors of Ace Designers Limited**

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Managing Director
DIN: 00173944

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Director & CEO
DIN: 08237369

Rajesh R.
Company Secretary
Membership No:F8680

Place : Bengaluru
Date : September 23, 2022

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ACE DESIGNERS LIMITED BANGALORE 560 058

Ace Designers Limited
Standalone Cash Flow Statement for the year ended March 31, 2022
(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from operating activities		
Profit/(Loss) before tax	2,451	(1,528)
Adjustments for		
Depreciation of property, plant and equipment	2,389	2,635
Amortisation of intangible assets	28	56
Bad trade receivables recovery (net of write off)	11	(3)
Provision for doubtful trade receivables and advances	(94)	41
Profit on sale of current investments	(63)	(24)
Fair value gain on financial instruments at fair value through profit and loss	(20)	(31)
Profit on sale of property plant and equipment	(66)	(102)
Interest income	(245)	(247)
Finance cost	1,103	1,482
Dividend income	(651)	(136)
Unrealised gain on derivative contract	(171)	225
Unrealised foreign exchange loss/(gain)	(70)	328
Operating profit before working capital	4,602	2,696
Movements in Working capital :		
Decrease/(increase) in trade receivables	637	(4,444)
Decrease/(increase) in inventories	(3,236)	101
Decrease/(increase) in financial assets	(63)	869
Decrease/(increase) in other assets	(168)	180
Increase/(decrease) in trade payable	1,422	8,316
Increase/(decrease) in financial liabilities	1,850	644
Increase/(decrease) in other liabilities	144	309
Increase/(decrease) in contract liabilities	(2,028)	3,256
Increase/(decrease) in provisions	533	(95)
Cash generated from operations	3,693	11,832
Net Income tax paid/(received)	(14)	884
Net cash flow (used in) / from operating activities (A)	3,679	12,716
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work in progress and capital advances)	(5,538)	(1,780)
Proceeds from sale of property, plant and equipment	219	614
Purchase of units of mutual funds	(3,625)	(13,034)
Sale of units of mutual funds	7,346	7,424
Investments in bank deposits (having original maturity of more than three months)	(2,812)	(2,812)
Proceeds of Investment in bank deposits (having original maturity of more than three months)	2,142	2,778
Purchase of Preference shares of Taurus Private Limited (Subsidiary)	(50)	-
Sale shares of Amace Solutions Limited (Joint venture)	15	-
Purchase of Preference shares of Amace Solutions Limited (Joint venture)	(150)	-
Purchase of equity shares of Ace Multi Axis System Ltd (Associate)	(299)	-
Purchase of equity shares of Ace Micromatic International Pvt Limited (Associate)	(196)	-
Investment in Bonds:Canara Bank Perpetual bond	(500)	-
Interest received	209	274
Dividend received	651	136
Net cash used in investing activities (B)	(2,587)	(6,400)
C. Cash flow from financing activities		
Proceeds from long-term borrowings from directors	12	-
Repayment of long-term borrowings from directors	-	(165)
Proceeds from short term borrowings	1,255	-
Repayment of short term borrowings	-	(808)
Proceeds from long-term borrowings from banks	302	1,500
Repayment of long-term borrowings from banks	(1,856)	(4,679)
Interest paid	(1,116)	(1,517)
Net cash flow (used in) / from financing activities (C)	(1,403)	(5,669)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(312)	647
Effect of exchange differences on cash and cash equivalents held in foreign currency	3	3
Cash and cash equivalents at the beginning of the year	2,030	1,380
Cash and cash equivalents at the end of the year	1,721	2,030

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

ACE DESIGNERS LIMITED BANGALORE 560 058

Components of cash and cash equivalents		
Balances with banks:		
In current accounts	1,107	1,927
In deposit accounts with original maturity of less than or equal to 3 months	609	101
Cash on hand	5	2
Total cash and cash equivalents	**1,721**	**2,030**

Figure in brackets indicate cash outflow.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration number : 008072S

Sathya P Koushik
Partner
Membership No. 206920

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place : Bengaluru
Date : September 23, 2022

For and on behalf of
the **Board of Directors of Ace Designers Limited**

S.G.Shirgurkar
Managing Director
DIN: 00173944

B.Machado
Managing Director
DIN: 00174074

B.Raghavendra
Director & CFO
DIN: 01807643

T.P. Sridhar

T.P. Sridhar
Director & CEO
DIN: 01807643

Rajesh R.
Company Secretary
Membership No:F8680

Place: Bengaluru
Date: September 23, 2022

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ACE DESIGNERS LIMITED BANGALORE 560 058

1. Corporate Information

Ace Designers Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is primarily engaged in design, development and manufacture of CNC Lathes and Iron Castings. The Company caters to both domestic and international markets.

2. Significant accounting policies

2.1 Basis of Preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirement of division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statements.

These financial statements have been prepared on historical cost basis as explained in the accounting policies below, except for the following assets and liabilities which have been measured at fair value:

a) Certain financial assets and liabilities measured at fair value and
b) Share-based payments is measured at fair value

The financial statements are presented in INR and all values are rounded to the nearest Lakhs (INR 00,000), except when otherwise indicated.

2.2 Summary of significant accounting policies:

(a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period: or
- There is no conditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

ACE DESIGNERS LIMITED BANGALORE 560 058

(b) Foreign currency translation

The financial statements are presented in Indian Rupees Lakhs ('INR 00,000'), which is the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company using spot rates on the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at exchange rates at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Fair Value Measurement

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

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

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

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

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

ACE DESIGNERS LIMITED
BANGALORE
560 058

(All amounts are in Rupees Lakhs unless otherwise stated)

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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:

(i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
(iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:-

(i)	Disclosure for fair valuation methods, significant estimates and judgements	Note 36 and 2.3
(ii)	Financial Instruments (including those carried at amortised cost)	Note 4, 5, 6, 7, 12, 13, 16, 17, 18 and 36

(d) Revenue recognition

<u>Revenue from contract with customers</u>

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Sale of goods

The performance obligation is satisfied upon dispatch or delivery of goods, as per terms of contract with the customers. The customer is generally required to pay a portion of transaction price in advance and the remaining portion after 45-60 days in case of domestic sales and 90-180 days in case of export sales.

(ii) Rendering of services

Revenue from service contracts, where the performance obligations are satisfied at a point in time, is recognized as and when the related services are performed.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

ACE DESIGNERS LIMITED BANGALORE 560 058

(iii) Contract balances

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (q) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(iv) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

(v) Dividend Income

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is netted off from the related expense as and when they are incurred. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

DELOITTE HASKINS & SELLS * BENGALURU * CHARTERED ACCOUNTANTS

ACE DESIGNERS LIMITED BANGALORE 560 058

(f) Income-tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in which the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity, in correlation to the underlying transaction. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognized 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 or taxable profit or loss.

- In respect of taxable temporary differences associated with the investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and if it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 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 accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income 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 recognized 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 realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

DELOITTE HASKINS & SELLS
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BENGALURU

ACE DESIGNERS LIMITED
BANGALORE
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Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity, in correlation to the underlying transaction.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Goods and Services Tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of goods and services tax paid, except:

- ▶ When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ▶ When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(g) Property, plant and equipment

Capital work in progress and property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes cost of replacing part of plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management except in case of leasehold improvements.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

ACE DESIGNERS LIMITED
BANGALORE
560 058

(All amounts are in Rupees Lakhs unless otherwise stated)

Particulars	**Useful life used by the management (in years)**	**Useful life as per Schedule II (in years)**
Plant and machinery		
- Electrical fittings	5 & 8	15
- Electrical equipment	7.5	15
- Material handling equipment, Material storage equipment, etc.	5 & 8	15
- CNC machines,	15	15
- Non CNC machines	12	15
- Quality control equipment, tools & equipment, factory & office equipment	2 & 5	5
Buildings		
- Factory building	25	30
- Office building	30	60
Data processing equipment	3-5	3-6
Furniture and fixtures	5	8
Vehicles	5	8

Leasehold Improvements are depreciated over the primary period of the lease, or useful life, whichever is lower, on a straight-line basis.

In respect of assets acquired which have been previously used by another party, depreciation is provided over the remaining useful lives of such assets determined within their overall useful lives as stated above.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(h) Intangible assets

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. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

ACE DESIGNERS LIMITED BANGALORE 560 058

amortisation method for an intangible asset with a finite useful life 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 considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset;
- Its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of adequate resources to complete the development and to use or sell the asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line method (SLM) basis over the period of expected future benefit from the related project i.e., the estimated useful life. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to the Company's intangible assets is as below:

Assets	Useful Life
Capitalised software products	1-3 years
Purchased software	Over the license period

(i) Leases

Ind AS 116 “Leases” replaces Ind AS 17 “Leases” with effect from April 1, 2019.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

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The new Standard has been applied using the modified retrospective approach, with the right-of-use asset recognised at an amount equal to the present value of lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected not to carry forward the definition of leases as per Ind AS 17 and has therefore, applied the definition of a lease as per Ind AS 116 to all such arrangements.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under Ind AS 17 'Leases' immediately before the date of initial application.

The Company as lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date.

The cost of the right-of-use asset measured at inception comprises of the amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date.

Certain lease arrangements include options to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that such options would be exercised.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Lease liability is measured at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company recognises the amount of the remeasurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the remeasurement in statement of profit and loss.

Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of profit and loss in the period in which the events or conditions which trigger those payments occur.

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The Company accounts for sale and lease back transaction, recognising right-of-use assets and lease liability, measured in the same way as other right-of-use assets and lease liability. Gain or loss on the sale transaction is recognised in statement of profit and loss.

The Company as lessor

(i) Operating lease – Rental income from operating leases is recognised in the statement of profit and loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight-line basis over the lease term.

(ii) Finance lease –When assets are leased out under a finance lease, the present value of minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

(j) Inventories

Raw materials, components, stores, spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, stores, spares and loose tools is determined on a weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

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

(k) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. 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 forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond

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periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(l) Provisions and contingent liabilities

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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised 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 and 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.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet

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date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Certain employees are participants in a defined contribution plan towards superannuation benefits. The Company has no further obligation to the plan beyond its monthly contributions, which are periodically contributed to the Ace Designers Limited Employees Superannuation Trust. The Company recognises the contribution payable to the fund as expenditure when the employee renders the related service.

The Company operates a defined benefit gratuity plan in India.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit and loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense and Income

Leave Encashment / compensated absences

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.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gain/loss are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(n) Share based payments

Certain employees are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a Black-Scholes model, further details of which are given in Note 33. This fair value is expensed over the period until the vesting

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date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

(o) Financial Instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

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

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss (P&L). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

b) Contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 5.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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 statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) 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 (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b. Financial assets that are debt instruments and are measured as at FVTOCI

c. Lease receivables under Ind AS 17

d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

e. Loan commitments which are not measured as at FVTPL

f. Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

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.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

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

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the 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 as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 16.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms,

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or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

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.

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(p) Investment in subsidiary, associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The investment in subsidiary, associates and joint venture are carried at cost as per IND AS 27. Investment accounted for at cost is accounted for in accordance with IND AS 105 when they are classified as held for sale and Investment carried at cost is tested for impairment as per IND AS 36. An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect the amount of the investor's returns.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(r) Cash and cash equivalents

Cash and cash equivalents for purpose of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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2.3 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, 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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Share based payments

The Company initially measures share-based payments and transactions at fair value and recognizes over the vesting period using Black-Scholes valuation model. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 33.

(b) Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases is based on expected future inflation rates, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Further details about gratuity obligations are given in Note 34.

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(c) Useful life of assets considered for depreciation of Property, Plant and Equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed at each financial year end. The lives are based on technical advice, prior asset usage experience and the risk of technological obsolescence.

2.4 Standards Issued but Not Effective

On March 23, 2022, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2022. This notification has resulted into amendments in the following existing accounting standards from April 1, 2022.

i. Ind AS 101 – First time adoption of Ind AS
ii. Ind AS 103 – Business Combination
iii. Ind AS 109 – Financial Instrument
iv. Ind AS 16 – Property, Plant and Equipment
v. Ind AS 37 –Provisions, Contingent Liabilities and Contingent Assets
vi. Ind AS 41 – Agriculture

Application of above standards are not expected to have any significant impact on the Company's financial statements.

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3. Property, plant and equipment and intangible assets

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Data Processing Equipments	Vehicles	Total Property, Plant and Equipment	Total Intangible Assets*
Gross carrying amount									
At March 31, 2020	505	3,415	9,459	13,441	121	796	404	28,141	376
Additions	-	-	203	472	14	42	24	755	3
Disposals	-	-	-	687	-	64	22	773	-
At March 31, 2021	505	3,415	9,663	13,226	135	774	406	28,123	379
Additions	938	277	3,145	3,488	53	126	38	8,065	39
Disposals	-	-	-	390	-	88	86	564	100
At March 31, 2022	1,443	3,692	12,808	16,325	188	812	358	35,624	318
Accumulated Depreciation									
At March 31, 2020	-	-	995	4,310	54	344	177	5,880	288
Charge for the year	-	-	502	1,895	16	152	70	2,635	56
Disposals	-	-	-	184	-	61	16	261	-
At March 31, 2021	-	-	1,497	6,021	70	435	231	8,254	344
Charge for the year	-	-	533	1,631	18	142	65	2,389	28
Disposals	-	-	-	254	-	84	75	413	98
At March 31, 2022	-	-	2,030	7,398	88	493	221	10,230	274
Net Book Value									
At March 31, 2021	505	3,415	8,166	7,205	65	339	175	19,869	35
At March 31, 2022	1,443	3,692	10,778	8,927	100	319	138	25,394	44

Note:

(i) Leasehold land pertains to land measuring 80.02 acres allotted to the Company on September 17, 2007 by Karnataka Industrial Area Development Board ('KIADB') on lease cum sale basis for a period of 11 years subject to the Company complying with the terms and conditions stated in the lease agreement. During the year ended March 31, 2019, the aforesaid lease period expired. The Company has applied to KIADB for execution of absolute sale deed in respect of the aforesaid leasehold land. Also refer note 3(v) in respect of buildings constructed on such leasehold land costing Rs. 10,600 (Net book value - Rs.8,553) and capital work in progress (buildings) amounting to Rs 835 as at March 31, 2022.

(ii) As at March 31, 2022, property, plant and equipment with a carrying value of Rs. 15,301 lakhs (31 March 2021 Rs.11,447 lakhs) are subject to first and exclusive equitable mortgage charge on immovable property.

(iii) Capital work-in-progress on leasehold land is Rs.835 lakhs (March 31, 2021: Rs. 3,396 lakhs)

(iv) The below mentioned assets have been given on operating lease as at March 31, 2022:

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Particulars	Buildings	Plant and Machinery	Total Assets
Cost or Deemed Cost			
At March 31, 2020	301	58	359
Additions	-	-	-
Disposals	-	-	-
At March 31, 2021	301	58	359
Additions	-	-	-
Disposals	-	-	-
At March 31, 2022	301	58	359
Accumulated Depreciation			
At March 31, 2020	48	47	95
Charge for the year	16	-	16
Disposals	-	-	-
At March 31, 2021	64	47	111
Charge for the year	16	-	16
Disposals	-	-	-
At March 31, 2022	80	47	127
Net Book Value			
At March 31, 2021	237	11	248
At March 31, 2022	221	11	232

Notes

(i) Furniture & Fittings and Data processing equipment given on operating lease are less than Rs.1 lakh, and not disclosed due to rounding off.

(v) Buildings include those constructed on leasehold land

Particulars	Buildings
Cost or Deemed Cost	
At March 31, 2020	8,258
Additions	133
At March 31, 2021	8,391
Additions	2,169
At March 31, 2022	10,560
Accumulated Depreciation	
At March 31, 2020	781
Charge for the year	292
At March 31, 2021	1,073
Charge for the year	322
At March 31, 2022	1,395

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Net Book Value	
At March 31, 2021	7,318
At March 31, 2022	9,165

* Intangible assets comprises of computer software.

(vi) Capital work-in-progress	As at March 31, 2022	As at March 31, 2021
Cost or Deemed Cost		
Opening balance	3,500	2,362
Addition	124	1,384
Deletion	2,707	246
Closing balance	917	3,500

(vii) **Capital work in progress aging schedule**

As at March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	161	24	34	38	255
Projects temporarily suspended	-	114	445	102	661
Total	161	138	478	140	917

As at March 31, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1,324	2,035	141	-	3,500
Projects temporarily suspended	-	-	-	-	-
Total	1,324	2,035	141	-	3,500

(viii) None of the property, plant and equipment has been revalued during the year.

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4. Investments

	As at March 31, 2022	As at March 31, 2021
Non-Current Investments:		
Investment in Equity Instruments:		
(Unquoted equity instruments at cost and fully paid-up)		
In subsidiaries (at cost unless stated otherwise)		
Taurus Private Limited ,wholly owned (refer note below) 1,12,500 (March 31, 2021: 1,12,500) equity shares of Rs. 100 each fully paid-up	1,271	1,271
In associates (at cost unless stated otherwise)		
Ace Manufacturing Systems Limited 19,400 (March 31, 2021: 19,400) equity shares of Rs. 100 each fully paid-up	46	46
Micromatic Machine Tools Private Limited 155,776 (March 31,2021: 155,776) equity shares of Rs. 10 each fully paid-up	68	68
Ace Multi Axes Systems Limited 85,000 (March 31, 2021: 75,000) equity shares of Rs. 10 each fully paid-up	304	5
Ace Micromatic International Private Ltd 2,00,000 (March 31, 2021: 4000) equity shares of Rs. 100 each fully paid-up	200	4
In joint venture (at cost unless stated otherwise)		
AMACE Solutions Private Limited 2,32,650 (March 31, 2021: 2,47,500) equity shares of Rs. 100 each fully paid-up	233	248
Investment in Preference Shares:		
(Unquoted Preference Shares at cost and fully paid-up)		
In subsidiaries (at cost unless stated otherwi		
Taurus Private Limited ,wholly owned (refer note below) 1,75,000 (March 31, 2021: 1,25,000) preference shares of Rs. 100 each fully paid-up	175	125
In joint venture (at cost unless stated otherwise)		
AMACE Solutions Private Limited 1,50,000 (March 31, 2021: Nil) Preference shares of Rs. 100 each fully paid-up	150	-
Investment in Bonds:		
Canara Bank Fixed Interest Bonds 5 (March 31, 2021: Nil) 8.4 % Perpetual bond	500	-
Aggregate amount of unquoted investments	2,947	1,767
Current Investments (at fair value through profit or loss account):		
Investments in mutual funds (unquoted)		
Tata Money Market Fund Direct Plan-Growth 45,077 units (March 31, 2021: 3,31,714 units)	1,725	4,834
Tata Treasury Advantage Fund Direct Plan-Growth Nil units (March 31, 2021: 10,554 units)	-	329
Tata Short Term Bond Fund Direct Plan-Growth Nil units (March 31, 2021: 7,45,084 units)	-	301
Tata Corporate Bond Fund Direct Plan-Growth 19,99,900 units (March 31, 2021: Nil units)	202	-
UTI Overnight Fund - Direct Plan Growth 2,910 units (March 31, 2021: Nil units)	101	-
Nippon India Liquid Fund - Growth Nil units (March 31, 2021: 4,038 units)	-	202
	2,028	5,666

Note:
Aggregate book value and market value of mutual fund investments as at March 31, 2022 was Rs. 2,008 & 2,028 (March 31, 2021 was Rs. 5,635 & 5,666) respectively.

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5. Trade Receivables

	As at March 31, 2022	As at March 31, 2021
Non-current:		
Trade Receivable considered good-Unsecured	-	-
	-	-
Current:		
Trade Receivable considered good-Unsecured	8,051	8,513
Trade Receivables - credit impaired	42	136
	8,093	8,649
Less: Allowance for expected credit loss	(42)	(136)
	8,051	**8,513**

Trade receivables include:	As at March 31, 2022	As at March 31, 2021
Receivable from related parties (refer note 35)	2,895	1,902
Receivable from others (refer note 35)	5,156	6,611

Trade receivables are generally non-interest bearing and are generally on terms of 45 to 60 days, except for export sales which are generally on terms of 90 to 180 days. They are recognised at their original invoice amount which represent their fair value on initial recognition.

Trade receivables Ageing Schedule
Trade Receivables as on March 31, 2022

Particulars	Not Due	Outstanding for following periods from due date of payments					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables- considered good	3,286	3,943	346	301	117	100	**8,093**
Total	**3,286**	**3,943**	**346**	**301**	**117**	**100**	**8,093**

Trade Receivables ageing as on March 31, 2021

Particulars	Not Due	Outstanding for following periods from due date of payments					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables- considered good	1,834	5,909	535	238	79	54	**8,649**
Total	**1,834**	**5,909**	**535**	**238**	**79**	**54**	**8,649**

There were no disputed trade receivables as at March 31, 2022 and March 31, 2021.

6. Loans

	As at March 31, 2022	As at March 31, 2021
Non-current:		
Security Deposit		
Loans to employees	10	13
	10	**13**
Sub-classification of Loans:		
Loan receivables considered good- Unsecured	10	13
	10	**13**
Current:		
Other loans	50	40
	50	**40**
Sub-classification of Loans:		
Loan receivables considered good- Unsecured	50	40
	50	**40**

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7. Other Financial Assets

	As at March 31, 2022	As at March 31, 2021
Non-current:		
Security Deposit	195	188
Advance paid for Non-current Investment[refer note (i)]	-	75
	195	**263**
Current:		
Security Deposit	51	51
Balances with bank - Fixed deposits (original maturity of more than twelve months) [refer note (ii) below]	-	226
Interest accrued on fixed deposits with banks	57	21
Other receivables	198	74
Mark to market gain on derivative contracts	286	116
	592	**488**

(i) The Company had subscribed 75,000 nos of Non convertible redeemable preference share of Amace Solutions Private Ltd at par having face value of Rs 100 each.These shares have been alloted on April 19, 2021.

(ii) Deposit of Rs. 1,656 lakhs (March 31, 2021: Rs. 966 lakhs) are placed as margin money towards performance bank guarantees.

8. Deferred tax asset

	As at March 31, 2022	As at March 31, 2021
Deferred tax asset (refer note 47.D)	208	379
	208	**379**

9. Non-current tax assets (net)

	As at March 31, 2022	As at March 31, 2021
Advance income tax [net of provisions :Rs.753 lakhs(March 31, 2021: Rs. 421 lakhs)]	107	342
	107	**342**

10. Other assets
(unsecured, considered good)

	As at March 31, 2022	As at March 31, 2021
Non-current:		
Capital advances	278	380
Prepaid Expenses	16	62
	294	**442**
Current:		
Prepaid expenses	301	214
Balances with statutory/ government authorities	172	174
Advances recoverable in cash or kind	356	227
	829	**615**

11. Inventories

	As at March 31, 2022	As at March 31, 2021
Raw materials and components [includes in transit: Rs. 453 lakhs (March 31, 2021: Rs. 377 lakhs)]	12,092	11,408
Work-in-progress	8,029	6,261
Finished goods	1,511	708
Stores, spares and loose tools	125	143
	21,757	**18,520**

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12. Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Cash on hand	5	2
Balances with banks:		
In current accounts	1,107	1,927
In deposit accounts with original maturity of less than or equal to 3 months	609	101
	1,721	**2,030**

13. Bank balances other than cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity of more than 3 months but less than 12 months	3,581	2,685
	3,581	**2,685**

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14. Share Capital

	As at March 31, 2022	As at March 31, 2021
a) Authorised shares		
2,000,000 (March, 31 2021: 2,000,000) Equity shares of Rs. 100 each	2,000	2,000
Issued, subscribed and paid-up share capital		
1,188,000 (March 31, 2021: 1,188,000) equity shares of Rs.100 each	1,188	1,188
Total issued, subscribed and paid-up share capital	**1,188**	**1,188**

b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period:

	As at March 31, 2022		As at March 31, 2021	
	Numbers	Amount	Numbers	Amount
As at the beginning of the year	11,88,000	1,188	11,88,000	1,188
Add: Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
	11,88,000	**1,188**	**11,88,000**	**1,188**

c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 100 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 the liquidation of the Company, the holders of the 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.

d) Buy back of equity shares

In accordance with the approval of the shareholders on August 16, 2017, provisions of the Companies Act, 2013 and Companies (Share Capital and Debentures) Rules, 2014, the Company offered to buy-back its equity shares of face value of Rs.100 each, from the shareholders.

During the year ended March 31, 2018, the Company bought back 236,000 equity shares at price of Rs. 1,140 per share, utilizing a sum of Rs.2,691 lakhs. The amount paid towards buy-back of shares, in excess of the face value, was appropriated out of General Reserve and Surplus in Statement of Profit and Loss, amounting to Rs. 1,734 lakhs and Rs. 721 lakhs respectively. The Company has extinguished the above mentioned shares as on March 31, 2018 and created Capital Redemption Reserve of Rs. 236 lakhs by way of appropriation from Surplus in Statement of Profit and Loss amounting to Rs. 236 lakhs.

In terms of the provisions of Section 115QA of the Income Tax Act, 1961, the Company has paid income tax of Rs. 621 lakhs on the buy back consideration by way of appropriation from Surplus in Statement of Profit and Loss.

e) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:

236,000 equity shares were bought back by the Company during the year ended March 31, 2018.

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

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of Rs. 100 each fully paid				
Mr. Shrinivas G Shirgurkar	4,59,000	38.64%	4,59,000	38.64%
Mr. Benedict Machado	4,32,000	36.36%	4,32,000	36.36%
Mrs. Philomena Machado	1,35,000	11.36%	1,35,000	11.36%
Mrs. Bharati Shirgurkar	1,08,000	9.09%	1,08,000	9.09%

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 both legal and beneficial ownership of shares.

g) Details of shares held by promoters

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Promotor's Name				
Mr. Shrinivas G Shirgurkar	4,59,000	38.64	4,59,000	38.64
Mrs. Bharati Shirgurkar	1,08,000	9.09	1,08,000	9.09
Mrs. Madhavi Chandrasekhara Bharathi	13,500	1.14	13,500	1.14
Mrs. Manisha Gurudas Kannur	13,500	1.14	13,500	1.14
Mr. Benedict Machado	4,32,000	36.36	4,32,000	36.36
Mrs. Philomena Machado	1,35,000	11.36	1,35,000	11.36
Mrs. Preeti Maria Machado	13,500	1.14	13,500	1.14
Mr. Rajeev Peter Machado	13,500	1.14	13,500	1.14

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15. Other equity

	As at March 31, 2022	As at March 31, 2021
Capital redemption reserve	594	594
General reserve	1,035	1,035
Retained earnings	22,317	20,194
Total other equity	**23,946**	**21,823**

A. Description, nature and purpose of reserves:

i. **Capital redemption reserve**: The Company has bought back equity shares and as per the provisions of the Companies Act, 2013, the Company is required to create capital redemption reserve out of the profits of the Company available for distribution of dividend. The reserve can be utilized against issue of fully paid up bonus shares of the Company.

ii. **General reserve:** The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose.

iii. **Retained earnings:** It comprises of the accumulated profits/(loss) of the Company.

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16. Borrowings

	As at March 31, 2022	As at March 31, 2021
A. Long-term		
Secured:		
Rupee term loans		
From banks	4,494	4,192
From other parties	452	677
External commercial borrowings from banks		
From bank	4,490	6,094
Unsecured:		
Loan from directors	1,350	1,338
	10,786	**12,301**
Less: Current maturities of long term borrowings (refer note 16B)	4,456	3,893
	6,330	**8,408**
B. Short-term		
Secured:		
Loan repayable on demand:		
Cash credit facility from bank	658	-
Credit card outstanding from bank	97	-
Others:		
Pre-shipment credit (in Indian rupees) from Bank		
Current maturities of long-term borrowings	4,456	3,893
Short-term loan from Bank	1,000	500
	6,211	**4,393**

Details of security and Terms of repayment

(a) The Company had an outstanding Indian Rupee term loan of Rs. 2,019 lakhs as of March 31, 2022 (March 31,2021: Rs 2,692 lakhs) carrying an interest rate of 8.25-8.50% p.a. from a bank repayable as per repayment schedule over a period of 6 years from the date of first drawdown of loan. The Company has repaid instalment of Rs.673 lakhs during the year. The loan is secured by Equitable mortgage on immovable properties being land and building situated at Plot No. 7 & 8, II Phase, Peenya Industrial Area, Bangalore-560 058.

(b) The Company had an outstanding Indian Rupee term loan of Rs. 1,777 lakhs as of March 31, 2022 (March 31,2021: Rs 1,500 lakhs) carrying an interest rate of 1 year MCLR p.a. from a bank repayable as per repayment schedule over a period of 4 years from the date of first drawdown of loan. The Company has taken fresh loan of Rs 793 lakhs and repaid instalment of Rs.517 lakhs during the year. The loan is secured by exclusive charge on immovable property situated at Phase-IV, Plot -532, Peenya, Bangalore-560058.

(c) The Company has taken Indian Rupee term loan of Rs. 698 lakhs during the financial year carrying an interest rate of 7.95 % p.a. from a bank repayable over a period of 6 years from the date of first drawal of loan with 1 year moratorium period. The first drawdown of the loan was on December 28, 2021. The loan is secured by exclusive charge on immovable property situated at Phase-IV, Plot -533, Peenya, Bangalore-560058.

(d) The Company had an outstanding Indian Rupee term loan of Rs. 452 lakhs as of March 31, 2022 (March 31, 2021: Rs 677 lakhs) carrying an interest rate of 9% p.a. from a NBFC repayable over a period of 3 years with 1 year moratorium from the date of first drawal of loan. The Company has repaid instalment of Rs.225 lakhs during the year. Loan is secured against hypothecation of specific Machineries having a WDV of value Rs.1,150 lakhs installed in our premises.

(e) The Company has outstanding of foreign currency denominated loans USD 44 lakhs (Rs.3,348 lakhs) as of March 31, 2022 (March 31, 2021 USD 60 lakhs (Rs. 4,432 lakhs)), carrying an interest rate of 3 month LIBOR plus 1.25% p.a. from a bank repayable in 20 equal quarterly instalments of USD 4 lakhs each starting from post one year of disbursement. The loan is secured by first pari passu on immovable property situate at Plot No. 7 & 8, II Phase, Peenya Industrial Area, Bangalore-560 058, hypothecation of certain plant & machineries having a WDV of around Rs.1,500 lakhs installed at this location and property, plant and equipment funded by the loan, as exclusive charge.

(f) The Company has outstanding of foreign currency denominated loans USD 15 lakhs (Rs. 1,142 lakhs) as of March 31, 2022 (March 31, 2021: USD 22.50 lakhs (Rs. 1,662 lakhs)) carrying an interest rate of 3 month LIBOR plus 1.25% p.a. from a bank repayable in 16 equal quarterly instalments of USD 1.87 lakhs each starting from post one year of disbursement. The loan is secured by first pari passu on immovable property situated at Plot No. 7 & 8, II Phase, Peenya Industrial Area, Bangalore-560 058, hypothecation of certain plant and machineries having a WDV of around Rs.1,500 lakhs installed at this location and property, plant and equipment funded by the loan, as exclusive charge.

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(g) The Company has outstanding loan from its directors carrying an interest rate of 8.50% p.a., which are repayable at the end of 3 years from the date of loan with option to roll over for a further period of 3 years. During the year, the Company has taken loan of Rs 12.50 lakhs from its directors. Also refer Note 35.

(h)The Company had an outstanding Cash credit loan of Rs 658 lakhs as of March 31, 2022 (March 31, 2021: Rs Nil lakhs) carrying an interest rate of 1% p.a. above MCLR ranging approximately 8.70% ~ 11.00% p.a. from bank. The loan was repayable on demand along with interest outstanding. This working capital term loan is secured against First Parri-passu charge against all current assets and book debts.

(i) The Company had an short term working capital loan of Rs. 1,000 lakhs as of March 31, 2022 (March 31, 2021: Rs 500 lakhs) carrying an interest rate of 6.85% p.a. from a bank repayable as per terms of loan. The loan is secured against First parri-passu charge against stock and book debts.

17. Trade payables

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro and small enterprises (refer note 31)	1,092	2,254
Total outstanding dues of creditors other than micro and small enterprises	19,889	17,308
	20,981	**19,562**

Trade Payable aging schedule

Trade Payable ageing as on March 31,2022

Particulars	Not Due	Outstanding for following periods from due date of payments				Total
		Less than 1 year	1-2 yrs	2-3 yrs	More than 3 years	
MSME	-	1,092	-	-	-	1,092
Others	453	19,381	9	38	8	19,889
Total	453	20,473	9	38	8	20,981

Trade Payable ageing as on March 31,2021

Particulars	Not Due	Outstanding for following periods from due date of payments				Total
		Less than 1 year	1-2 yrs	2-3 yrs	More than 3 years	
MSME	-	2,254	-	-	-	2,254
Others	379	16,867	56	3	3	17,308
Total	379	19,121	56	3	3	19,562

18. Other financial liabilities

	As at March 31, 2022	As at March 31, 2021
Non-Current:		
Security deposits (including interest accrued thereon)	90	98
	90	**98**
Current:		
Payable for employee benefits	1,218	844
Payable for purchase of capital goods	268	387
Interest accrued but not due on borrowings	54	67
Payable for investment in subsidiary	100	100
Book overdraft	2,438	964
Others	60	50
	4,138	**2,412**

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(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

19. Provisions

	As at March 31, 2022	As at March 31, 2021
Non-current:		
Provisions for employee benefits:		
Liability for cash-settled share-based payments (refer note 33)	277	234
Provision for post retirement benefit (refer note 34)	62	48
Provision for long service award	14	19
	353	301
Current:		
Provisions for employee benefits:		
Provision for gratuity (refer note 34)	292	177
Provision for leave benefits	766	539
Provision for post retirement benefit (refer note 34)	13	3
Provision for long service award	2	5
	1,073	724
Other provisions		
Provision for warranties (refer note (a) below)	146	105
	146	105
Total	1,219	829

Note (a):

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will be incurred within one year after the reporting date. Assumptions used to calculate the provision for warranties were based on current year sales levels and current information available based on prior years' warranty cost for all products sold. The table below gives information about movement in warranty provisions :

	As at March 31, 2022	As at March 31, 2021
Opening balance	105	88
Addition	131	90
Deletion	(90)	(73)
Closing balance	146	105

20. Other liabilities

	As at March 31, 2022	As at March 31, 2021
Non-current:		
Deferred Payment liabilities*	-	6
	-	6
Current:		
Deferred Payment liabilities*	-	6
Statutory dues payable #	627	471
	627	477

*Deferred income pertains to security deposit taken from employees for vehicles.

Statutory dues includes provident fund, employee state insurance, professional tax, goods and services tax and withholding taxes payable.

21. Contract liability

	As at March 31, 2022	As at March 31, 2021
Advance from customers	3,642	5,670
	3,642	5,670

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22. Revenue from operations

	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products	96,885	63,958
Rendering of services	89	73
Other operating revenue:		
Scrap sales	35	21
Others	200	114
Total other operating revenue	**235**	**135**
Total revenue from operations	**97,209**	**64,166**
Details of products sold		
Finished goods sold		
CNC lathe machines	93,033	61,200
Spares	2,451	1,982
Castings	1,401	776
	96,885	**63,958**

22.1. Disaggregated revenue information

Segment	March, 31 2022 Machine Tools Division	Foundry division	Total
Type of goods or service			
Sales of CNC lathe machines	93,033	-	93,033
Sale of spares	2,451	-	2,451
Sale of castings	-	1,401	1,401
Other services	89	-	89
Total revenue from contract with customers	**95,573**	**1,401**	**96,974**
Geographical location			
India	90,994	1,401	92,395
Outside India	4,579	-	4,579
Total revenue from contract with customers	**95,573**	**1,401**	**96,974**
Timing of revenue recognition			
Goods transferred at a point in time	95,484	1,401	96,885
Services transferred at point in time	89	-	89
	95,573	**1,401**	**96,974**

The Company has no customer which accounts for more than 10% of the Group's total revenue for the year ended March 31, 2022 and March 31, 2021.

22.2. Contract balances

	March 31, 2022	March 31, 2021
Trade receivables	8,051	8,513
Contract liabilities	3,642	5,670

Trade receivables are generally non-interest bearing and are generally on terms of 45 to 60 days, except for export sales which are generally on terms of 90 to 180 days. As at March 31, 2022, Rs. 42 lakhs (March 31, 2021: Rs. 136 lakhs) was recognised as provision for expected losses on trade receivables.

22.3. Performance obligations

Information about the Company's performance obligation are summarised below:

Sale of products

The performance obligation is satisfied upon dispatch of goods in case of goods sold on ex-works basis and upon delivery of goods in case of goods sold on CIF basis. The customer is generally required to pay a portion of transaction price in advance and the remaining portion after 45-60 days in case of domestic sales and 90-180 days in case of export sales after dispatch/delivery of goods.

The Company generally provides one year warranty to its customers which is in the nature of assurance-type warranty, and hence not regarded as a separate performance obligation.

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23. Other income

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income on:		
Bank deposits	192	153
Others	53	94
Dividend income on:		
Investments in equity instruments of associates	651	136
Gain on sale of current investments (net)	63	24
Net gain on fair value changes of current investment (mutual funds)*	20	31
Gain on foreign exchange fluctuations	241	400
Gain on fair value changes of derivative contract	171	-
Net gain on sale of property, plant and equipment	66	102
Rental income from leases	17	22
Liabilities no longer required written back	3	-
Provision for bad and doubtful trade receivables (net)	94	-
Deferred income	-	6
Other non-operating income	5	1
Bad trade receivables recovery (net of write off)	-	3
	1,576	**972**

* Pertains to gain arising on subsequent measurement of investments in units of mutual funds at its fair market value as (classified as investments at fair value through profit and loss) at each reporting date.

24. Cost of material and components consumed

		For the year ended March 31, 2022	For the year ended March 31, 2021
Raw materials and components consumed		72,463	41,871
Stores, spares and loose tools consumed		2,329	2,150
	(A)	**74,792**	**44,021**
Subcontracting charges [refer note (i) below]	**(B)**	1791	1,005
	Total (A+B)	**76,583**	**45,026**

	For the year ended March 31, 2022	For the year ended March 31, 2021
Cost of raw materials and components consumed		
Inventories at the beginning of the year*	11,551	8,340
Add: Purchases	75,458	47,232
Less: Inventories at the end of the year* (refer note 11)	12,217	11,551
Cost of raw materials and components consumed (A)	**74,792**	**44,021**
Subcontracting charges (B) [refer note (i) below]	1,791	1,005
Total (A + B)	**76,583**	**45,026**

(i) Subcontracting charges includes rental income of Rs. 4 lakhs (March 31, 2021: Rs. 4 lakhs) towards certain buildings, furniture and equipments given on lease to group companies, which is used for further manufacturing of the semi-finished products of the Company.

25. Changes in inventories of finished goods and work-in-progress

	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the end of the year:		
Finished goods	1511	708
Work-in-progress	8029	6261
	9,540	**6,969**
Inventories at the beginning of the year:		
Finished goods	708	1,733
Work-in-progress	6,261	8,548
	6,969	**10,281**
Decrease/ (increase) in inventories	**(2,571)**	**3,312**

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(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

26. Employee benefit expense

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	8907	6835
Contribution to provident and other funds(refer note 34)	554	486
Expense related to post employment defined benefit plan (refer note 34)	160	158
Stock appreciation rights (refer note 33)	43	(99)
Staff welfare expenses	721	486
	10,385	**7,866**

27. Finance costs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on borrowings at amortised cost	1042	1406
Bank charges	61	76
	1,103	**1,482**

28. Depreciation and amortisation expense

	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Note 3)	2,389	2,635
Amortisation of intangible assets (Note 3)	28	56
	2,417	**2,691**

29. Other expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and fuel	1144	789
Repairs and maintenance		
- Plant & machinery	558	448
- Building	411	341
- Others	206	311
Rates and taxes	74	77
Insurance	148	93
Legal and professional fees	223	156
Directors' sitting fees	5	5
Payments to auditors (refer note (i) below)	23	31
Communication costs	54	84
Advertising and sales promotion	244	112
Printing and stationery	32	23
Travelling and conveyance	137	87
Selling expenses	4036	2618
Provision for bad and doubtful trade receivables (net)	-	41
Bad trade receivables recovery (net of write off)	11	0
Freight and forwarding charges (net of recoveries)	843	604
Deferred income	24	0
Corporate Social Responsibility (CSR) expenditure (refer note 42)	32	79
Provision for warranty	137	90
Loss on fair value changes of derivative contract	-	225
Miscellaneous expenses	75	75
	8417	**6289**

Note (i): Payment to statutory auditors

As auditor:		
Statutory audit	22	26
Tax audit	-	1
Other services (certification fees)	1	4
	23	**31**

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30. Lease

A. Company as lessee

The Company has entered into agreements for lease of office space which expires over a period not exceeding one year. Gross rental expenses for the year aggregate to Rs. 17 lakhs (March 31, 2021: Rs.27 lakhs)

Future minimum lease payments under operating lease for non cancellable period are as follows:

	March 31, 2022	March 31, 2021
Payable within a period of one year	10	8

B. Company as lessor

The Company has leased out certain parts of its building, plant and machinery, furniture and fixtures and data processing equipments on operating lease, which expires over a period upto May 31, 2022. Gross rental income for the year aggregated to Rs.35 lakhs (March 31, 2021: Rs. 26 lakhs), which has been netted off against subcontracting charges.

Future minimum lease receipts under operating lease for non-cancellable period are as follows:

	March 31, 2022	March 31, 2021
Payable within a period of one year	2	1

31. Due to micro, small and medium enterprises:

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act').Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2022 and March 31, 2021 has been made in the financial statements based on information received and available with the Company.

	March 31, 2022	March 31, 2021
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
The principal amount remaining unpaid to any supplier at the end of each accounting year;	1,022	2,209
The interest due thereon remaining unpaid to any supplier at the end of each accounting year;	70	45
	1,092	**2,254**
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	8,092	5,011
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	33	18
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	70	45
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	70	45

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/suppliers.

32. Contingent liabilities and commitments:

	March 31, 2022	March 31, 2021
Contingent liabilities:		
Claims against the Company not acknowledged as debts in respect of:		
(a) Litigations - indirect tax matters (refer note (i) below)	82	82
(b) Bank guarantees	2,260	1,392
(c) Other indirect tax matters (pending 'C' Form etc.)	78	78
(d) Direct tax matters	409	-

Notes:

(i) The Company is involved in taxation disputes. Management is of the view that above claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

(ii) During the year ended March 31, 2017, a third party has filed a legal suit against the Company alleging infringement by the Company of a registered design of a machine. The Company has filed its response stating that such claim is false and baseless. The matter is pending for trial in Delhi High Court. The Company is confident that the claims of the third party are not tenable. Further, during the year ended March 31, 2018, third party filed case against one of Company's director for contempt of order. The Company file a case against third party for contempt of order for wrongful defamation caused to Company's director. Matter is pending settlement in courts.

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(iii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. Considering special allowance is already part of salary considered for PF contribution and salary components not forming part of salary for Provident Fund contribution is not material, the management of the Company has not made any provision in this regard.

Commitments:	March 31, 2022	March 31, 2021
a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	785	3,458
b) The Company entered into an agreement with a supplier for purchase of power for a period of 10 Years starting from February 2018. The tariff rate will be escalated by 2% at each year end from current prevailing rate.	1,421	1,648
c) Commitments relating to interest in joint venture	-	75

As per the agreement with the Joint Ventures, the Company is committed to make additional contribution in proportion to their interest in Joint Ventures, if required. These commitments have not been recognised in the financial statements.

33. Share-based payments

A. Description of share based payment

i. Stock Appreciation rights (SARs)

During the year 2016-17, the shareholders of the Company at an Extraordinary General Meeting ('EGM') of the Company held on February 27, 2017, approved the Stock Appreciation Rights Scheme 2016 ("Scheme"). The Scheme covers employees who are in whole time employment of the Company and are in such grades and levels as may be decided by the Nomination and Remuneration Committee (NRC) in consultation with Board of Directors of the Company. The NRC would evaluate and reconfirm on the performance of the grantee prior to each vesting date. Post such reconfirmation, the tranche will get vested.

Under the Scheme, the holders of such options are eligible for cash payment per SAR calculated based on difference between the book value of the shares of the Company as on the date of vesting and as on the date of grant of such SARs. Further, book value per share at the vesting date has been defined as the net worth of the Company at the vesting date divided by aggregate of number of shares outstanding and number of SARs granted as at the vesting date. The book value of the shares as on the grant date would be based on net worth of the Company as at March 31, 2016 divided by number of shares outstanding as on that date. These options vest over a period of 4 years, whereby 25% of such options ('the tranche') would vest at the end of 3rd, 4th, 5th and 6th year respectively from the end of financial year in which the SARs have been granted. These options can be exercised within the period of 3 months from the date of vesting of each tranche or can be accumulated to be claimed along with the next tranche until the expiry of vesting period of last tranche.
Under the scheme, 70,000 options had been authorised for grant and 42,600 options has been granted to the eligible employees of the Company. Details of the liability arising from SARs are as follows:

	March 31, 2022	March 31, 2021
Total carrying amount of liabilities (refer note 19)	277	234
	277	234

B. Measurement of fair values

i. Cash-settled share based payment arrangement

The fair value of the SARs has been measured using the Black-Scholes Merton Formula. The fair value of the SARs and the inputs used in the measurement of the fair value at the grant date and measurement date of the SARs are as follows:

	March 31, 2022	March 31, 2021
Fair value per option	680	630
Expected volatility (weighted average volatility)	50%	50%
Expected life (expected weighted average life)	1 years	2 years
Expected dividends	5%	5%
Risk-free interest rate (based on government bonds)	4.25%	4.52%
Attrition rate	Nil	Nil

Reconciliation of SARs:

Particulars	March 31, 2022 Nos	March 31, 2021 Nos
Options at the beginning of the year	31,950	42,600
Granted during the year	-	-
Forfeited/Lapsed during the year	-	-
Exercised during the year	-	-
Vested during the year	10,650	10,650
Outstanding at the end of the year	21,300	31,950
Exercisable at the end of the year	-	-
Weighted average remaining life (in years)	1	2

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34. Employee benefit obligation

	March 31, 2022	March 31, 2021
Net defined benefit liability - gratuity	292	178
Net defined benefit liability - post retirement benefit	75	51
	367	**229**

A. Defined contribution plans

The Company makes contribution determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund & superannuation fund which is a defined contribution plan. For provident fund, the Company has an obligation under law to make the specified contribution and the contribution are charged to profit and loss account. The amount recognised as an expense towards contribution to the provident fund & superannuation fund during the year aggregated to Rs. 548 lakhs (March 31, 2021: Rs. 482 lakhs).

B. Defined benefit plans

1 Gratuity

The Company has a defined benefit gratuity plan covering all employees in compliance with the requirements of 'The Payment of Gratuity Act, 1972'. Under the gratuity plan, every employee who has completed atleast five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The Company expects to contribute Rs. 292 lakhs to its gratuity scheme in 2022-23.

The following table summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet.

Net defined benefit obligation

	March 31, 2022	March 31, 2021
Present value of defined benefit obligation	2,609	2,508
Fair value of plan assets	2,317	2,330
	292	**178**

A. Reconciliation of net defined benefit liability/(asset)

Reconciliation of present value of defined benefit obligation

	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening defined benefit obligation	**2,508**	**2,345**
Current service cost	137	136
Past service cost-vested benefits	-	-
Past service cost-non-vested benefits	-	-
Net interest cost	176	160
Benefits paid	(169)	(162)
Actuarial (gain)/ losses recognised in other comprehensive income		
- changes in demographic assumptions	35	-
- changes in financial assumptions	(16)	(60)
- experience adjustments	(62)	89
Closing defined benefit obligation	**2,609**	**2,508**

Reconciliation of present value of plan assets

	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	**2,330**	**2,165**
Contributions paid into the plan	2	180
Benefits paid	(169)	(162)
Interest income	154	142
Return on plan assets recognised in other comprehensive income	-	5
Balance at the end of the year	**2,317**	**2,330**

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B. i. Net benefit expense recognised in the Statement of Profit or Loss

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	137	136
Past service cost-vested benefits	-	-
Past service cost-non-vested benefits	-	-
Interest cost on benefit obligation	176	160
Interest income on plan assets	(154)	(142)
	159	**154**

ii. Remeasurement recognised in other comprehensive income

	For the year ended March 31, 2022	For the year ended March 31, 2021
Actuarial loss/(gain) on defined benefit obligation	(43)	29
Return on plan assets excluding interest income	-	(5)
	(43)	**24**

C. Plan assets

Plan assets comprise of the following:

	March 31, 2022	March 31, 2021
Investment in LIC	2,317	2,330
	2,317	**2,330**

D i. Actuarial assumptions

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

	March 31, 2022	March 31, 2021
Discount rate	7.0%	6.9%
Salary escalation rate	15% for every 3rd year and 2% in other years for operator & for others it is 7% pa.	15% for every 3rd year and 2% in other years for operator & for others it is 7% pa.
Attrition	10.0%	5.0%
Retirement age	60 years operators & 58 years for others	60 years operators & 58 years for others

Assumptions regarding future mortality rates are based the latest mortality table endorsed by the Institute of Actuaries of India.

As at March 31, 2022, the weighted average duration of the defined benefit obligation was 9.31 years(March 31, 2021: 13.54 years).

ii. Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligation [(reduction)/increase] by the amount shown below:

	March 31, 2022 Increase	March 31, 2022 Decrease	March 31, 2021 Increase	March 31, 2021 Decrease
Discount rate (1% movement)	(113)	125	(150)	169
Future salary growth (1% movement)	86	(86)	111	(111)
Attrition rate (10% movement)	5	(5)	3	(4)

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(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

2 **Post retirement benefit**

The Company has a post retirement benefit policy covering all employees wherein the Company pays a specified amount of Rs. 100,000 plus Rs. 1000 for every completed year of service to every employee at the time of retirement. The scheme is unfunded.

The following table summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet.

Net defined benefit obligation

	March 31, 2022	March 31, 2021
Present value of defined benefit obligation	75	51
	75	51

A. Reconciliation of net defined benefit liability/(asset)

Reconciliation of present value of defined benefit obligation

	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening defined benefit obligation	51	49
Current service cost	6	2
Past service cost-vested benefits	43	-
Net interest cost	3	3
Benefits paid	(9)	(6)
Actuarial (gain)/ losses recognised in other comprehensive income		
- changes in demographic assumptions	(22)	-
- changes in financial assumptions	-	(4)
- experience adjustments	4	7
Closing defined benefit obligation	75	51

B. i. Net benefit expense (recognised in profit or loss)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	6	2
Past service cost-vested benefits	43	-
Interest cost on benefit obligation	3	3
	52	6

ii. Remeasurement recognised in other comprehensive income

	For the year ended March 31, 2022	For the year ended March 31, 2021
Actuarial loss/(gain) on defined benefit obligation	(19)	2
	(19)	2

C. i. Actuarial assumptions

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

	March 31, 2022	March 31, 2021
Discount rate	7.0%	6.6%
Attrition	10.0%	5.0%
Retirement age	60 years operators & 58 years for others	60 years operators & 58 years for others

Assumptions regarding future mortality rates are based the latest mortality table endorsed by the Institute of Actuaries of India.

ii. Sensitivity Analysis

The impact is immaterial. Hence, no additional disclosures are provided.

D. The actuarial assumptions used in determining compensated absences are same as those disclosed in C (i) above.

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35. Related party transactions

A. Name of the related party and relationship

Description of relationship	Name of the related parties	Abbreviation
(a) Entities over which the Company has control (Subsidiary):	Taurus Private Limited	('TPL')
(b) Entities over which the Company has significant influence: (Associate Company):	Ace Manufacturing Systems Limited	('AMS')
	Ace Multi Axes Systems Limited	('AMASL')
	Micromatic Machine Tools Private Limited	('MMT')
	Ace Micromatic International Private Ltd	('AMI')
(c) Entities over which the Company has joint control:	AMACE Solutions Private Limited	('AMACE')
(d) Key managerial personnel (KMP):	Mr. S.G. Shirgurkar - Managing Director	('SGS')
	Mr. B. Machado - Managing Director	('BM')
	Mr. B. Raghavendra - Whole Time Director and CFO	('BR')
	Mrs. Manisha Kannur-Executive Director	('MK')
	Mrs.Madhavi Chandrashekar-Executive Director	('MC')
	Mr. T.P. Sridhar- Executive Director & CEO	('TPS')
	Mr. R. Prabhakar- Executive Director & COO	('RP')
	Mr. K. Chandra Sekhar - Company Secretary(Upto April 30,2021)	('KCS')
	Mr. Rajesh R - Company Secretary(From October 01,2021)	('RR')
(e) Relatives of key managerial personnel:	Ms. Preeti Machado	('PR')
	Mr. Rajeev Machado	('RM')
	Mr. G.S. Kannur	('GK')
(f) Enterprises owned or significantly influenced by key managerial personnel or their relatives :	Auto CNC Machining Limited	('ACM')
	Ace Micromatic Institute of Learning	('AMIL')
	Pragati Transmission Private Limited	('PTPL')
	Ace Micromatic Manufacturing Intelligence Technologies Pvt Ltd.	('AMMITP')
(g) Subsidiary of Associate Company:	Micromatic Machine Tools (Shanghai) Limited, China	('MMTSL')
(h) Trust in which director is a trustee:	Ace Micromatic Charitable Trust	('AMCT)

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Ace Designers Limited
Notes to standalone financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

B. Transactions with related parties and outstanding balances at the end of the period

The following transactions were carried out with related parties in the ordinary course of business:

Nature of relationship		Subsidiary	Joint Venture	Associate Company				Enterprises owned or significantly influenced by key managerial personnel or their relatives					
Nature of transaction	**Year**	**TPL**	**AMACE**	**AMS**	**AMASL**	**MMT**	**AMI**	**ACM**	**AMP**	**MMTSL**	**PTPL**	**AMMITP**	**AMIL**
Sales (net of returns)	2021-22	**105**	-	**449**	**46**	**1,419**	-	-	-	**2,366**	**0**	**2**	-
	2020-21	56	-	204	12	1,041	-	-	-	1,581		-	-
Sales of Fixed Assets	2021-22	-	-	**8**	-	**47**	-	-	-	-		-	-
	2020-21	-	-	-	-	-	-	483	-	-		-	-
Purchases	2021-22	-	-	**17**	**3,641**	**0**	-	**1,737**	**648**	-	**42**	**222**	-
	2020-21	-	-	288	2,135	4	-	937	410	-		175	-
Expenses reimbursement paid	2021-22	-	-	-	-	**225**	-	-	-	-		-	**1**
	2020-21	-	-	-	-	112	-	-	-	-		-	-
Expenses reimbursement received	2021-22	-	-	-	-	-	-	-	-	-		-	-
	2020-21	-	-	-	-	-	-	-	-	-		-	-
Professional charges	2021-22	-	-	-	-	-	-	-	-	-		**22**	-
	2020-21	-	-	-	-	6	-	-	-	6		18	-
Commission to sole selling agents	2021-22	-	-	-	-	**4,542**	**18**	-	-	-		-	-
	2020-21	-	-	-	-	3,002	4	-	-	-		-	-
Lease rentals received	2021-22	-	-	-	**7**	**10**	-	-	-	-		-	-
	2020-21	-	-	-	8	26	-	-	-	-		-	-
Purchase of fixed assets/Capital Work-in-Progress	2021-22	-	-	-	-	**2,169**	-	-	-	-		-	-
	2020-21	-	-	-	-	-	-	-	-	-		-	-
Dividend income	2021-22	-	-	**543**	**85**	-	-	-	-	-		-	-
	2020-21	-	-	136	-	-	-	-	-	-		-	-
Purchase of equity shares	2021-22	-	-	-	-	-	-	-	-	-		-	-
	2020-21	-	75	-	-	-	-	-	-	-		-	-
Loan given	2021-22	-	-	-	-	-	-	-	-	-		-	-
	2020-21	-	-	-	-	-	8	-	-	-		-	-

Balance outstanding with related parties at the year end

Trade receivables	2021-22	**87**	-	**26**	**24**	**398**	-	-	**0**	**2,358**	-	**2**	-
	2020-21	23	-	41	9	292	-	-	-	1,537		-	-
Other receivables	2021-22	**84**	-	-	-	-	-	-	-	-		-	-
	2020-21	41	75	-	-	-	8	-	-	-		-	-
Trade payables	2021-22	-	-	**0**	**1,295**	**1,602**	**15**	**483**	**220**	**1**	**37**	**56**	
	2020-21	-	-	262	775	1,239	-	331	**143**	49		49	
Security deposits payable	2021-22	-	-	-	-	**7**	-	-	-	-			-
	2020-21	-	-	-	-	7	-	-	-	-			

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C. Related Party transactions during the year

Nature of relationship											Relatives of Key managerial personnel		
Nature of transaction	**Year**	**SGS**	**BM**	**BR**	**KCS**	**RR**	**TPS**	**RP**	**MK**	**MC**	**PR**	**RM**	**GK**
Professional charges	2021-22	-	-	-	-	-	-	-	-	-	-	-	**2**
	2020-21	-	-	-	-	-	-	-	-	-	-	-	3
Managerial Remuneration - (refer note (a) below)	2021-22	**82**	**82**	**68**	-	-	**65**	**61**	**35**	**35**	**14**	-	-
	2020-21	1	1	41	-	-	39	37	24	24	-	-	-
Loan from Directors accepted	2021-22	-	-	**13**	-	-	-	-	-	-	-	-	-
	2020-21	-	-	10	-	-	-	-	-	-	-	-	-
Loan repaid to Director	2021-22	-	-	-	-	-	-	-	-	-	-	-	-
	2020-21	175	-	-	-	-	-	-	-	-	-	-	-
Salaries paid (includes commission paid)	2021-22	-	-	-	**20**	**11**	-	-	-	-	**14**	**11**	-
	2020-21	-	-	-	30	-	-	-	-	-	12	3	-
Interest expense	2021-22	**21**	**87**	**4**	-	-	**3**	-	-	-	-	-	-
	2020-21	24	34	2	-	-	3	-	-	-	-	-	-
Sitting fees	2021-22	-	-	-	-	-	-	-	-	-	-	-	-
	2020-21	-	-	-	-	-	-	-	-	-	-	-	-

Balance outstanding with related parties at the year end

Commission payable to KMP (refer note 43)	2021-22	**27**	**27**	**10**	-		**10**	**10**	-	-	-	-	-
	2020-21	-	-	-	-		-	-	-	-	-	-	-
Trade payables	2021-22	-	-	-	-		-	-	-	-	-	-	0
	2020-21	-	-	-	-		-	-	-	-	-	-	-
Loan from directors	2021-22	**245**	**1,025**	**50**	-		**30**	-	-	-	-	-	-
	2020-21	245	1,025	38	-		30	-	-	-	-	-	-
Security deposits payable	2021-22	-	-	-	-		**3**	-	-	-	-	-	-
	2020-21	-	-	-	5		3	5	-	-	-	-	-

Notes:

a) As the future liability for gratuity, leave encashment, retirement benefits scheme, share based payments and loyalty rewards is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

b) Fixed assets leased to Ace Multi Axes System limited of net book value of Rs. 230 lakhs as at March 31, 2022 (March 31, 2021: Rs. 249 lakhs).

c) All the transactions disclosed above are inclusive of taxes and duties.

D. Terms and conditions of transaction with related parties

The transactions with related parties are undertaken in ordinary course of business and on terms and conditions equivalent to those that prevail in arm's length transactions with other parties. Outstanding balances at the year end is unsecured and settlement occurs in cash.

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36. Financial instruments - classification and fair values - Ind AS 107 & Ind AS 113

A. Accounting classification and fair values

The fair value of financial assets and financial liabilities together with the carrying amount shown in the balance sheet as at March 31, 2022 are as follows:

Particulars	Total carrying amount	Fair value
Financial assets carried at fair value		
Investments in mutual funds	2,028	2,028
Mark to market gain on derivative contract	286	286
	2,314	**2,314**
Financial assets carried at amortised cost		
Loans	60	60
Trade receivables	8,051	8,051
Cash and cash equivalents	1,721	1,721
Other Bank balances	3,581	3,581
Other financial assets	501	501
	13,914	**13,914**
Total financial assets	**16,228**	**16,228**
Financial liabilities carried at amortised cost		
Non-current borrowings	6,330	6,330
Trade payables	20,981	20,981
Other financial liabilities	4,228	4,228
Current borrowings	6,211	6,211
	37,750	**37,750**
Total financial liabilities	**37,750**	**37,750**

The management assessed that fair value of cash and cash equivalents and other bank balances, trade receivables, trade payables, short-term borrowings and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of non current borrowings is estimated to be the same as the carrying amount since the interest rate on such borrowings at the Balance sheet date are similar to the contracted rates.

The fair value of financial assets and financial liabilities together with the carrying amount shown in the balance sheet as at March 31, 2021 are as follows:

Particulars	Total carrying amount	Fair value
Financial assets carried at fair value		
Investments in mutual funds	5,666	5,666
Mark to market gain on derivative contract	116	116
	5,782	**5,782**
Financial assets carried at amortised cost		
Loans	53	53
Trade receivables	8,513	8,513
Cash and cash equivalents	2,030	2,030
Other Bank balances	2,685	2,685
Other financial assets	635	635
	13,916	**13,916**
Total financial assets	**19,698**	**19,698**
Financial liabilities carried at amortised cost		
Non-current borrowings	8,408	8,408
Trade payables	19,562	19,562
Other financial liabilities	2,510	2,510
Current borrowings	4,393	4,393
	34,873	**34,873**
Total financial liabilities	**34,873**	**34,873**

The management assessed that fair value of cash and cash equivalents and other bank balances, trade receivables, trade payables, short-term borrowings and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of non current borrowings is estimated to be the same as the carrying amount since the interest rate on such borrowings at the Balance sheet date are similar to the contracted rates.

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Fair value hierarchy:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and liabilities measured at fair value - recurring fair value measurement as at March 31, 2022:

Particulars	Level 1	Level 2	Level 3
Financial assets:			
Investment in mutual funds	2,028		
Loans	-	10	-
Mark to market gain in derivative contract	286	-	
Total	**286**	**10**	**-**
Financial liabilities (amortised cost):			
Other financial liabilities	-	90	-
Long term borrowings	-	6,330	-
Total	**-**	**6,420**	**-**

Financial assets and liabilities measured at fair value - recurring fair value measurement as at March 31, 2021:

Particulars	Level 1	Level 2	Level 3
Financial assets:			
Investment in mutual funds	5,666		
Loans	-	13	-
Mark to market gain in derivative contract	116		
Total	**5,781**	**13**	**-**
Financial liabilities (amortised cost):			
Other financial liabilities	-	98	-
Long term borrowings	-	8,408	-
Total	**-**	**8,506**	**-**

B. Measurement of fair values: Valuation techniques

The following table shows the valuation techniques and used in measuring level 2 and level 3 fair values for financial instruments measured at fair value in the balance sheet.

Financial instruments measured at fair value:

Type

i. Cross currency interest rate swaps: The fair value is calculated as the present value of the estimated future cash flows based on the observable yield curves and forward exchange rates based on the reporting dates.

ii. Borrowings and Other financial liabilities: The valuation model considers the present value of expected payments discounted using the risk-adjusted discount rates.

37. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Risk management framework

The Company's principal financial liabilities comprise borrowings, trade and other payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that derive its value directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's risk management is carried out by the management under the policies approved by the board of directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Company. These risks are identified on a continuous basis. and assessed for impact on financial performance. The Board of Directors reviews and agrees policy for managing each of these risks.

37.1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing/financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Company has no significant concentration of credit risk with any counterparty.

The carrying amount of financial instruments represents the maximum exposure to credit risk.

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Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit evaluation before entering into an arrangement. Outstanding customer receivables are regularly monitored.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At year end, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss.

Specific allowance for loss is also been provided by the management based on expected recovery on individual customers.

Movement in impairment losses is as follows:

	March 31, 2022	March 31, 2021
Balance as at the beginning of the year	136	95
Add: Additional ECL provision	-	41
Less: Utilisation/reversals	(94)	-
Balance as at the end of the year	42	136

Credit risk on cash and cash equivalents is limited as the Company primarily invests in deposits with banks, with high ratings and long establishment.

37.2. Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's approach to managing liquidity is to ensure, as far as possible, 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 aims to maintain the level of its cash and cash equivalents and other highly marketable debt instruments at an amount in excess of expected cash outflows on financial liabilities at any point of time.

Exposure to liquidity risk

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

	Less than 1 year	1-5 years	More than 5 years	Total
As at March 31, 2022:				
Non-derivative financial liabilities:				
Borrowings*	6,211	6,330	-	12,541
Trade payables	20,981	-	-	20,981
Other financial liabilities	4,138	90	-	4,228
Total non-derivative financial liabilities	**31,330**	**6,420**	-	**37,750**

	Less than 1 year	1-5 years	More than 5 years	Total
As at March 31, 2021:				
Non-derivative financial liabilities:				
Borrowings*	4,393	8,408	-	12,801
Trade payables	19,562	-	-	19,562
Other financial liabilities	2,412	98	-	2,510
Total non-derivative financial liabilities	**26,367**	**8,506**	-	**34,873**

* Current maturities of long term borrowings which is payable within next 1 year is reflected in Other financial liabilities.

37.3. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - 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. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

(a) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency (INR) of the Company. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials, exports of finished goods. The currency in which these transactions are primarily denominated as USD, JPY, and Euro. The Company uses cross currency interest rate swaps to hedge its currency risk with respect to borrowings.

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(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

Exposure to currency risk

The Company's exposure to foreign currency are at the end of the reporting period are as follows:

Particulars	Foreign Currency	Amount in foreign currency March 31, 2022	Amount in Rupees March 31, 2022	Amount in foreign currency March 31, 2021	Amount in Rupees March 31, 2021
Trade receivables	USD	1.00	76	5.15	376
Trade receivables	EUR	2.77	232	3.71	316
Trade receivables	GBP	-	-	-	-
Trade receivables	AUD	1.42	79	-	-
Trade receivables	RMB	199.79	2,358	139.25	1,532
Trade payables	USD	2.13	162	(2.23)	(165)
Trade payables	EUR	0.66	56	(1.05)	(91)
Trade payables	JPY	51.49	32	(94.67)	(63)
Trade payables	CHF	0.04	3	(0.09)	(7)
Advance from customers	USD	2.29	175	(1.24)	(92)
Advance from customers	EUR	0.45	38	-	-
Advance to suppliers	USD	0.17	13	0.76	55
Advance to suppliers	EUR	3.44	288	1.55	133
Advance to suppliers	CHF	-	-	-	-
Capital Advances	JPY	-	-	239.75	158
Capital Advances	CHF	-	-	-	-
Capital Advances	EUR	-	-	0.01	1
EEFC bank balances	USD	3.39	255	0.01	1
EEFC bank balances	EUR	0.25	21	1.52	111

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, EURO and JPY against Indian rupee at March 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Impact on profit before tax	
	For the year ended March 31, 2022	For the year ended March 31, 2021
USD sensitivity:		
INR/USD increase by 5% (March 31, 2021 - 5%)	0	9
INR/USD decrease by 5% (March 31, 2021 - 5%)	(0)	(9)
EURO sensitivity:		
INR/Euro increase by 5% (March 31, 2021 - 5%)	24	23
INR/Euro decrease by 5% (March 31, 2021 - 5%)	(24)	(23)
JPY sensitivity:		
INR/JPY increase by 5% (March 31, 2021 - 5%)	(2)	5
INR/JPY decrease by 5% (March 31, 2021 - 5%)	2	(5)
RMB sensitivity:		
INR/RMB increase by 5% (March 31, 2021 - 5%)	118	77
INR/RMB decrease by 5% (March 31, 2021 - 5%)	(118)	(77)

(b) Interest-rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates which expose the Company to cash-flow interest rate risk. The Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary.

The Company's investment in fixed rate bank deposits and fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

The Company manages its cash flow interest rate risk by using floating to fixed rate swaps. Under these swaps, the Company agrees with other parties to exchange, at specified intervals the difference between the fixed contract rates and floating rates interest rates amount calculated by reference to the agreed principal amounts.

Exposure to interest rate risk:

The interest rate profile of the Company's interest bearing financial instruments as reported to management is as follows:

	March 31, 2022	March 31, 2021
Fixed rate instruments		
Financial assets	4,934	3,247
Financial liabilities	16,997	16,694
	21,931	**19,942**

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

Variable rate instruments
Financial assets

A reasonably possible change of 50 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Impact on Statement of profit and loss for the year		
Interest rates - increases by 50 basis points (March 31, 2021 - 50 bps)	31	33
Interest rates - decreases by 50 basis points (March 31, 2021 - 50 bps)	(31)	(33)

(c) Price risk

The Company invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks that arise mainly from change in interest rate which may impact the nature and value of such investments. However, given the short tenure of the underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

38. Capital management

(a) Risk management

The Company's objective when managing capital are to:
- safeguard their ability to continue as going concern, so that they can continue to provide returns for shareholders and benefits for other shareholders:and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry the Company monitors capital on the basis of the following gearing ratio:
- Net debt (total borrowings net of cash and cash equivalents) divided by
- Total equity (as shown in the balance sheet)

The gearing ratio are as follows:	March 31, 2022	March 31, 2021
Net debt	10,820	10,771
Total equity	25,134	23,011
Net debt to equity ratio	**0.43**	**0.47**

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39. Segment information

Since the Company prepares consolidated financial statements in addition to these standalone financial statements, both of which form part of the annual report of the Company, as permitted by Ind AS 108 "Operating segments", the segment information is presented on the basis of the consolidated financial statements.

40. Details of Investments covered under Section 186(4) of the Companies Act, 2013.

Details of investments: Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have already been disclosed in 'note 4'.

41. Government grant (Ind AS 20)

The Company avails benefits under the duty drawback scheme. Income to the extent of Rs. 72 lakhs (year ended March 31, 2021: Rs. 48 lakhs), has been recognised during the year and has been included in other operating income. Under the duty drawback scheme, certain amount of duties of customs are refunded by the Government on the exportation of the products.

The Company also avails benefits under the Merchandise Exports from India Scheme. Income to the extent of Rs. 82 lakhs (March 31, 2021: Rs. 54 lakhs), has been recognised during the year and has been included in other operating income. Under the MEIS scheme, the Company is entitled to receive MEIS scrips on exports of commodities which can be utilised for payment of basic custom duty on import of goods and are freely transferrable.

The Company also avails benefits under the Remission of Duties and Taxes on Exported Products scheme (RODTEP). Income to the extent of Rs. 49 lakhs (March 31, 2021: Rs. Nil), has been recognised during the year and has been included in other operating income. Under the RODTEP scheme, the Company is entitled to receive RODTEP scrips on exports of commodities which can be utilised for payment of basic custom duty on import of goods and are freely transferrable.

42. Corporate Social Responsibility ('CSR') expenditure

Consequent to the requirements of Section 135 and Schedule VII of the Companies Act, 2013, the Company is required to contribute 2% of its average net profits during the immediately three preceding financial years in pursuance of its Corporate Social Responsibility Policy.

The Company has constituted a CSR committee in accordance with the provisions of the Companies Act, 2013. The amount required to be spent towards the CSR activities as per Section 135 and the CSR activities undertaken by the Company is given below:

	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Amount required to be spent by the Company during the year	29	79
(b) Amount of expenditure incurred		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	32	47
(c) Shortfall at the end of the year	(3)	32
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	Not applicable	The Company was in the process of identifying projects. Also refer Note 1

Note:1

Of the amount required to be spent in FY 2020-21, the Company had spent Rs.47 lakhs. The unspent amount of Rs.32 lakhs had been transferred to separate bank account.

(f) Nature of CSR activities include promoting education, including special education and employment enhancing vocation skills, ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water, rural development projects and disaster management, including relief, rehabilitation and reconstruction activities.

(g) The Company's spend on Corporate social responsibility expenses with related parties during current year is Rs. Nil lakhs (year ended March 31, 2021: Rs. Nil lakhs)

(h)The Company does not carry any provisions for CSR expenses for current year and previous year.

43. Managerial Remuneration

	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Remuneration to Managing Directors		
Salary and allowances	98	2
Contribution to provident fund	12	-
Commission	55	-
	165	**2**
b) Remuneration to Whole-time Directors		
Salary and allowances	53	37
Contribution to provident and other funds	5	4
Commission	10	-
	68	**41**

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(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

c) Remuneration to Executive Directors		
Salary and allowances	161	111
Contribution to provident and other funds	16	13
Commission	19	-
	196	**124**
c) Commission to Non-Executive Directors	**20**	-

Notes:

a) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

b) Above does not include the amount of SAR as the same is currently an estimate and amount would be determined in future based on the terms and condition of plan.

44. Research and development expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Research & development expenses included in other heads of account are as follows:		
Raw materials consumed (net of sale consideration)	27	(175)
Salaries, wages and bonus	904	854
Contribution to provident and other funds	52	79
Repairs and maintenance	38	89
Travelling and conveyance	39	11
Others	20	4
Revenue Expenditure	**1,080**	**862**
Research & development expenses on:-		
Tangible assets		
Property, plant and equipment	13	89
Data processing equipments	10	2
Capital Expenditure	**23**	**91**

Note: The Company has received an order of approval from Department of Scientific and Industrial Research ('DSIR') for in-house research and development facility under section 35(2AB) of the Income-tax Act, 1961.

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45. Ratio Analysis and its elements

Ratios	Numerator	Denominator	For the year ended March 31, 2022	For the year ended March 31, 2021	% Change	Reasoon for Variance
Current ratio	Current Assets	Current Liabilities	1.05	1.16	-9.32%	
Debt-Equity ratio	Total Debt	Shareholder's Equity	0.50	0.56	-10.31%	
Debt service coverage ratio	Earning for debt service= net profit after tax+non cash operating expenses+interest	Debt service=Interest+principal repayment	1.88	0.47	296.73%	Increase on account of increase in profit after tax
Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	8.98%	-3.54%	-353.91%	Increase on account of increase in profit after tax
Inventory turnover ratio	Cost of goods sold	Average Inventory	3.68	2.60	41.19%	Increase on account of increase in sales during the year
Trade receivables turnover ratio	Revenue from operations	Average Trade Receivable	11.74	10.19	15.16%	
Trade payables turnover ratio	Purchases of traded goods + Purchases of raw materials and packing materials + other expenses	Average Trade Payables	3.81	3.13	21.72%	
Net capital turnover ratio	Revenue from operations	Average Working capital = Current assets – Current liabilities	54.28	12.31	341.14%	Increase on account of increase in sales during the year
Net profit ratio	Net Profit	Net sales = Total sales - sales return	2.11%	-1.22%	-272.54%	Increase on account of increase in profit after tax
Return on capital employed	Earnings before interest and taxes	Net Worth + Total Borrowings - Deferred Tax Asset	9.43%	-0.13%	-7463.46%	Increase on account of increase in profit after tax
Return on investment	Interest income on deposits + Net gain on mutual funds	Average Investment in deposits and mutual funds	10.10%	3.29%	206.80%	Increase in dividend income

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46. Other statutory information

1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
2. The Company dooes not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
3. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
4. The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
5. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
6. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) orFunding Party (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
7. The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
8. The Company has complied with the number of layers prescribed under section 2(87) the act read with the Companies (Restriction on number of layers) Rules, 2017.
9. The Company has used the borrowings from the banks and financial institutions for the specific purpose for which it was obtained.
10. The title deed of the immovable properties(Other than immovable properties refered in note 3(i)) disclosed in the financial statement included in property, plant and equipment and capital work in progress are held in the name of the Company as at the balance sheet date.
11. The Company does not have transactions or balances with struck off companies.
12. There is no capital-work-in-progress outsanding as at March 31, 2022 which is overdue or exceeding budget.

47. Income Tax

A. Amount recognised in profit or loss

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current income tax:		
Current income tax charge	249	(378)
Deferred tax (income)/expenses:		
Relating to origination and reversal of temporary differences	148	(364)
Tax expense reported in the statement of profit or loss	**397**	**(742)**

B. Income tax recognised in other comprehensive income

Tax expense on loss/(gain) on remeasurements of defined benefit plan	23	(15)
Deferred tax related to items recognised in OCI during the year:	**23**	**(15)**

C. Reconciliation of effective tax rate

Accounting profit before income tax	2,451	(1,528)
Applicable tax rate	25.17%	34.94%
Computed tax expense at statutory rate	617	(534)
Inadmissible expenses/income	35	170
Impact of rate change on opening deferred tax base	109	-
Carried forward losses and unabsorbed depreciation set off	(364)	-
Others(tax expense of earlier year)	-	(378)
Total	**397**	**(742)**

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D. Recognised deferred tax and liabilities

	March 31, 2022	March 31, 2021
Deferred tax liability		
Property, plant & equipment: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	526	1,048
Investment in mutual fund: Mark to market gain	5	11
Gross deferred tax liability	**531**	**1,059**
Deferred tax asset		
Expenditure under Sec 43B to be allowed on payment basis	23	15
Provision for employee benefits	317	378
Provision for doubtful debts and advances	11	48
Unused Tax Losses	388	997
Gross deferred tax asset	**739**	**1,438**
Net deferred tax (Asset)/liability	(208)	(379)

Movement in temporary differences

	As at April 1, 2021	Recognised in profit or loss during 2021-22	Recognised in OCI during 2021-22	As at March 31, 2022
Property, plant & equipment: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	1,048	(522)	-	526
Investment in mutual fund:Mark to market gain	11	(6)	-	5
Provision for doubtful debts and advances	(48)	37	-	(11)
Expenditure under Sec 43B to be allowed on payment	(15)	(8)	-	(23)
Provision for employee benefits	(378)	38	23	(317)
Unused tax losses	(997)	609	-	(388)
Total (Asset)/Liability	**(379)**	**148**	**23**	**(208)**

	As at April 1, 2020	Recognised in profit or loss during 2020-21	Recognised in OCI during 2020-21	As at March 31, 2021
Property, plant & equipment: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	1,203	(155)	-	1,048
Investment in mutual fund:Mark to market gain	-	11	-	11
Provision for doubtful debts and advances	(33)	(15)	-	(48)
Expenditure under Sec 43B to be allowed on payment basis	(4)	(11)	-	(15)
Provision for employee benefits	(307)	(56)	(15)	(378)
Unused tax losses	(859)	(138)	-	(997)
Total (Asset)/Liability	**-**	**(364)**	**(15)**	**(379)**

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48 Estimation uncertainty relating to the global health pandemic COVID-19:
In March 2020 the WHO declared COVID-19, a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption.
In assessing the recoverability of property plant and equipment, capital work-in progress, investments, inventories, and other assets, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

49 Taxation Laws (Amendment) Ordinance, 2019 ('the Ordinance')
The Ordinance provides an option to domestic companies to pay income-tax at a lower rate of 25.17% instead of the normal rate of 34.32%, if it opts for not availing of certain specified exemptions or incentives. The Company has made an assessment of the impact of the Ordinance and would be opting for the ordinance with effect from the year ended March 31, 2022.

50 Proposed Scheme of Amalgamation
The Company has filed a proposed scheme of amalgamation with Ace Manufacturing Systems Private Limited (AMS), an associate, with the appointed date of April 1, 2022, pursuant to the applicable provisions of Companies Act, 2013 with the National Company Law Tribunal (NCLT), in July 2022.

51 The Board of Directors of the Company has proposed final dividend of Rs.55 per share for the year ended March 31, 2022 at their meeting held on September 23, 2022, subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

52 Previous year figures
Previous year figures have been regrouped/reclassified wherever required to conform with presentation of current year figures.

For and on behalf of
the **Board of Directors of Ace Designers Limited**

S.G.Shirgurkar
Managing Director
DIN: 00173944

B.Machado
Managing Director
DIN: 00174074

B.Raghavendra
Director & CFO
DIN: 01807643

T.P. Sridhar

T.P. Sridhar
Director & CEO
DIN: 08237369

Place: Bengaluru
Date: September 23, 2022

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