

INDEPENDENT AUDITOR'S REPORT**To The Members of****Qualitek Labs Private Limited****Report on audit of the Financial Statement****Opinion**

We have audited the financial statements of **Qualitek Labs Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss, and notes to the financial statements, including a summary of the 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2022 and **Net profit** for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for the Financial Statement

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design,

implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

- In light of the restrictions in physical movement and visits to the company offices, the Company has provided all the data / information / records as required by us for the purpose of our Audit using e-data sharing modes. We also had continuous communication with the Audit Team & Management of the Company using various modes such as Audio / Video Conferencing, etc.

Report On other Legal & Regulatory Requirements

As required by the Companies (Auditor's Report) Order 2016 ("the Order"), issued by the Central Government of India in terms of sub section(11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in Paragraph 3 and 4 of the order, to the extent applicable.

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

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.

- (a) 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.
- (b) The Balance Sheet, the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- (c) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (e) 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
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position
 - ii) The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses for which provision was required to be made under the applicable law or accounting standard.

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

For **SAPR & Co LLP**
Chartered Accountants
FRN: N500111



Sanchit Arora
Partner
M. NO. 435331

Place: New Delhi
Date: 01/09/2022

U PIN: 22435331AYNBCA7332

ANNEXURE REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

1. In respect of Fixed Assets;

- a) The company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets on the basis of information available.
- b) According to the information and explanations given to us, the fixed assets are physically verified by the management on annual basis which in our opinion is at reasonable intervals. As per information no material discrepancies were noticed on such verification as compared to books records.

2. In respect of Inventories;

The company does not hold any inventory. Therefore, the provisions of Clause (ii) of Paragraph 3 of the order are not applicable to company.

3. According to the information and explanations given to us and on the basis of our examination of the books of account the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
4. According to the information and explanations given to us and on the basis of our examination of the books of account the company has not granted any loans to any directors as per section 185, further company has not make any investment under section 186 of the Companies Act.
5. Based on our scrutiny of the company's records and according to the information and explanations given to us, in our opinion, the Company has not accepted deposit from the public within the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
6. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, for any of the activities of the company.
7. a). The company is generally regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth-Tax, Service Tax, Duty of Customs, Duty of Excise, VAT, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2021 for a period of more than six months from the date they became payable.

b). According to the information and explanations given to us, there are no disputed statutory dues payable in respect of Income Tax, Sales-tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, VAT, GST, Cess which are outstanding as at 31st March, 2021.
8. There were no dues payable to any financial institution or Bank or Debenture holders during the period. Therefore, the provisions of clause (ix) of paragraph 3 of the Order are not applicable to the company.

9. According to information and explanation given to us, the company has not raised any money by way of initial public offer during the period covered by this report. Hence, requirement of sub- clause (ix) of the order are not applicable;
10. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the company has been noticed or reported during the year under audit.
11. Section 197 of the companies Act, 2013 related to Director's remuneration is not applicable as it is a private limited company. However, company has paid remuneration to their director which has been properly disclosed in the books of Accounts.
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards
14. According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review
15. According to Information and explanations given to us, the Company has not entered into non- cash transactions with directors or persons connected with him.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For **SAPR & Co LLP**
Chartered Accountants
FRN: N500111



Sanchit Arora
Partner
M. NO. 435331

Place: New Delhi
Date: 01/09/2022

UDIN: 22435331AYNBCA7332

Annexure A to the Independent Auditor Report of the even date on the Financial Statement of Qualitek Labs Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the financial statements of Qualitek Labs Private Limited ("the Company") as of and for the year ended 31st March 2021, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors 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 the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143 (10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:-

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 explanation given to us, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SAPR & Co LLP
Chartered Accountants
FRN: N500111



Sanchit Arora
Partner
M. NO. 435331

Place: New Delhi
Date: 01/09/2021

V D I N : 22435331AYNBCA7332

COMPUTATION OF INCOME

Name of Assessee	:	QUALITEK LABS PRIVATE LIMITED
Date of Incorporation	:	17/05/2018
Address	:	166, SFS Apartments Hauz Khas New Delhi - 110016
Status	:	Private Limited Company
PAN	:	AAACQ5400B
Previous Year	:	2021-22
Assessment Year	:	2022-23

(In Rupees)

INCOME FROM BUSINESS OR PROFESSION

Net Profit as per Profit & Loss Account		1,11,74,076
Add:		
Depreciation under Companies Act 2013	1,52,53,631	
30% Disallowance in expenses	49,83,621	
Interest on TDS	13,983	
PF & ESI paid after due date	5,692	
Prior Period Expense	3,67,872	
Input Written off	4,00,918	
Less:		
Depreciation under income Tax	1,25,394	
Interest Income	(98,33,978)	
Interest On Income Tax Refund	(4,274)	
Pre-Incorporation Expense as per section 35D (4/5 Utilize)	(1,07,781)	
		(31,000)

Income from Business or Profession	<u>1,11,74,076</u>
Less: Brought forward business loss	94,64,000
Less: Brought forward unabsorbed Depreciation	4,66,328
Income from Business or Profession	<u>12,43,748</u>
Business Loss to be Carried Forward	
Unabsorbed Depreciation	

INCOME FROM OTHER SOURCES

Interest on Fixed Deposit		1,12,055
Interest On Income Tax Refund	4,274	
	1,07,781	

Gross Total Income	<u>13,55,804</u>	
Less: Deduction Under Chapter VI	-	
Taxable Income (Round off)	<u>13,55,804</u>	
Tax Payable on Normal Income u/s 115BAA		2,98,277
Add- Surcharge@10%		29,828
Add- Education Cess @4%		13,124
Total Tax Payable		<u>3,41,229</u>
Less: TDS		91,51,313
Less: Advance Tax		-
Add: Interest u/s 234A/B/C		-
Tax Payable/(Refund Due)		<u>(88,10,084)</u>

For and on behalf of the Board of Directors of
Qualitek Labs Private Limited


 Anju Agarwal
 Director
 DIN - 00501943

Place: New Delhi
Date: 01/09/2022


 Kamal Grover
 Director
 DIN - 07429267

Place: New Delhi
Date: 01/09/2022

Balance Sheet as at 31st March 2022

	Notes	31st March 22 In Rs.	(Amt in '000) 31st March 21 In Rs.
Equity and Liabilities			
Shareholders' fund			
Share Capital			100
Reserves and Surplus	3	4,600	
	4	14,918	(1,877)
		19,518	(1,777)
Non Current Liabilities			
Long Term Borrowings	5	1,43,514	1,12,138
Deferred tax liabilities (Net)	6	3,919	60
		1,47,432	1,12,198
Current Liabilities			
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	7	13,042	20,557
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,079	2,465
Other Current Liabilities	8	40,323	12,500
		55,344	35,523
Total		2,22,294	1,45,944
Assets			
Non-current assets			
Property, Plant and Equipment and Intangible Assets			
(a) Property, Plant and Equipment	9	75,681	63,336
(b) Capital Work In Progress		44,715	44,715
(c) Intangible assets		-	-
Non- Current Investment	10	10,074	70
Other Non-Current Assets	11	29,045	9,416
		1,59,516	1,17,537
Current Assets			
Trade Receivables			
Cash and Cash equivalents	12	21,928	12,023
Other Current Assets	13	186	1,314
	14	40,664	15,069
		62,778	28,406
		2,22,294	1,45,944

Summary of significant accounting policies and Notes to Accounts
The accompanying notes are an integral part of the financial statements.
As per our report of even date

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Auditor'S
SAPR & Co LLP
Chartered Accountants



Sanchit Arora
Partner
M. No. 435331
FRN No. N500111
UDIN : 22435331AYNBCA7332

For and on behalf of the Board of Directors of
Qualitek Labs Private Limited


Anju Agarwal
Director
DIN - 00501943


Kamal Grover
Director
DIN - 07429267

Place: New Delhi
Date: 01/09/2022

Place: New Delhi
Date: 01/09/2022

Place: New Delhi
Date: 01/09/2022

Statement of Profit and Loss for the year ended 31st March 2022

(Amt in '000)

Particulars	Notes	31st March 22 In Rs.	31st March 21 In Rs.
Revenue			
Revenue from operations(Net)	15	1,19,657	63,641
Other Income	16	516	103
Total Income (I)		1,20,173	63,744
Expenses			
Direct Expenses	17	18,943	15,081
Employee Benefit Expense	18	33,351	12,773
Finance costs	19	3,186	38
Depreciation & Amortization	20	4,984	3,479
Other Expenses	21	11,051	24,986
Total expenses (II)		1,04,518	56,357
Profit before Prior Period and Extraordinary Item (I-II)		15,655	7,386
Prior Period Item		401	525
Profit After Prior Period and Extraordinary Item (I-III)		15,254	6,862
Profit before tax but after Prior Period Item		15,254	6,862
Tax expenses			
Current tax		-	-
Deferred tax Liability/(Assets)		(3,858)	(2,184)
Total tax expense		(3,858)	(2,184)
Profit/(loss) for the year from continuing operations		11,395	4,677
Earnings per equity share	22		
[Nominal value of share Rs.10 (31st March, 2022 Rs (0))]			
Basic Earning Per Share		24.77	467.73
Diluted Earning Per Share		24.77	467.73

Summary of significant accounting policies and Notes to Accounts
The accompanying notes are an integral part of the financial statements.
As per our report of even date

2.2

Auditor'S
SAPR & Co LLP
Chartered Accountants

Sanchit Arora

Sanchit Arora
Partner
M. No. 435331
FRN No. N500111
UDIN : 22435331AYNBCA7332



For and on behalf of the Board of Directors of
Qualitek Labs Private Limited

Anju Agarwal

Anju Agarwal
Director
DIN - 00501943

Kamal Grover

Kamal Grover
Director
DIN - 07429267

Place: New Delhi
Date: 01/09/2022

Place: New Delhi
Date: 01/09/2022

Place: New Delhi
Date: 01/09/2022

Cash flow statement for the year ended 31st March 2022

	(Amt in '000)	
	31 March 2022 In Rs.	31st March 21 In Rs.
Cash Flow From Operating Activities		
Net Profit Before Tax		
Add: Depreciation	15,254	6,862
Add: Finance Cost	4,984	3,479
	3,186	38
Operating Profit before Working Capital Changes	23,423	10,379
Changes in working Capital requirements		
(Increase)/Decrease in Trade receivable	(9,905)	(7,053)
(Increase)/Decrease in Other Current Assets	(25,595)	(3,570)
Increase/(Decrease) in other Current Liabilities	27,822	9,172
Increase/(Decrease) in Trade Payable	(8,001)	7,762
Less: Taxes Paid	7,744	16,691
	-	-
Cash Flow From Operating Activities	A 7,744	16,691
Cash Flow From Investing Activities		
Purchase Of Property, Plants & Equipments	(17,329)	(60,598)
Sale Of Property, Plants & Equipments	-	-
Purchase of Investments	(10,004)	(70)
Long Term Loans & Advances given/received	(19,829)	(3,208)
Cash Flow From Investing Activities	B (46,962)	(63,876)
Cash Flow From Financing Activities		
Issue of Share Capital	4,500	-
Proceeds from Security Premium Reserve	5,400	-
Proceed from Long Term Borrowing	31,376	48,251
Finance Cost	(3,186)	(38)
Cash Flow From Financing Activities	C 38,090	48,213
Net Increase/(Decrease) in Cash and Cash Equivalents	A+B+C (1,128)	1,027
Add: Cash & Cash Equivalents to last year	1,314	287
Total Cash & Cash Equivalents	186	1,314

Summary of significant accounting policies and Notes to Accounts
The accompanying notes are an integral part of the financial statements.
As per our report of even date

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Sanchit Arora



Sanchit Arora
Partner
M. No. 435331
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For and on behalf of the Board of Directors of
Qualitek Labs Private Limited

Anju Agarwal

Anju Agarwal
Director
DIN - 00501943

Kamal Grover

Kamal Grover
Director
DIN - 07429267

Place: New Delhi
Date: 01/09/2022

Place: New Delhi
Date: 01/09/2022

Place: New Delhi
Date: 01/09/2022

Statement of Equity for the year ended 31 March 2022

Particulars	(Amt in '000)					
	Share Capital	Share Premium	General Reserve	Retained Earnings	Statutory Reserve	Total Equity attributable to Equity Shareholders
Balance in the beginning of the year 01/04/2020	100	-	-	(6,554)	-	(6,454)
Changes in Equity for the year	-	-	-	-	-	-
Net Profit for the Current Year	-	-	-	4,677	-	4,677
Balance at the end of the year 31/03/2021	100	-	-	(1,877)	-	(1,777)
Balance in the beginning of the year 01/04/2021	100	-	-	(1,877)	-	(1,777)
Changes in Equity for the year	4,500	5,400	-	11,395	-	21,295
Net Profit for the Current Year	-	-	-	-	-	-
Balance at the end of the year 31/03/2022	4,600	5,400	-	9,518	-	19,518

Summary of significant accounting policies and Notes to Accounts
The accompanying notes are an integral part of the financial statements.
As per our report of even date

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Auditor's
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Sanchit Arora
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For and on behalf of the Board of Directors of
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Kamal Grover
Director
DIN - 07429267

Place: New Delhi
Date: 01/09/2022

Place: New Delhi
Date: 01/09/2022

Place: New Delhi
Date: 01/09/2022

Notes to financial statements for the year ended 31st March 2022

1 Company overview

"Qualitek Labs Private Limited ("the Company"), is incorporated in India as a private limited company under the Companies Act, 2013. The Company is engaged in the business of providing testing, inspection and certification services in the fields of Automobiles, Electronics & Electricals, Pharmaceuticals, Food, Environment, Minerals etc. The Company operates state-of-the-art laboratories which are accredited with NABL and other accreditation bodies in India."

2 Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended). The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company. All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle of the Company as per the guidance as set out in the Schedule III to the Companies Act, 2013.

2.1 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements. The estimates and assumptions used are based on management evaluation of relevant facts and circumstances as on the date of financial statements. Actual results if they differ from those estimates are recognized prospectively in the current and future periods. Any revision to accounting estimates is recognized prospectively in the current and future periods.

2.2 Summary of significant accounting policies

a) Revenue recognition

(i) Sale of services:

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The primary source of revenue of the Company is from providing software development services to Qualitek Labs Pvt Ltd. Revenue from rendering of services is recognized on accrual basis in accordance with the terms of underlying agreement. Revenue from time and material contracts is recognised as and when the Company renders the service.

(ii) Other income:

Interest income is recognised on a time proportion basis at the applicable rates.

b) (i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). Cost comprises the purchase price and any costs of bringing the asset to its working condition for its intended use. When an asset is scrapped or otherwise disposed off, the cost and related accumulated depreciation are removed from the books of account and resultant profit or loss, (if any), is reflected in the Statement of Profit and Loss.

(ii) Intangible assets

Intangible assets comprise of computer software are stated at cost less accumulated amortisation and impairment losses (if any).

c) Depreciation and amortisation

Depreciation on property, plant and equipment is provided on Straight line method as per the rates prescribed under Schedule II of the Companies Act, 2013.

The Comparison of useful lives is as follows:

Asset description	Useful life	SLM Rate
Plant and equipment	15 years	6.33%
Computers and mobiles	3 years	31.67%
Office Equipments	5 years	19.00%
Vehicles	8 years	11.88%
Office Furnitures	10 years	9.50%

d) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

e) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Lease payments under an operating lease are recognised as an expense in the statement of profit and loss on a straight-line method over the lease term.

Notes to financial statements for the year ended 31st March 2022

f) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 - Employee Benefits.

(i) Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and (Miscellaneous Provisions) Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

(ii) Other short-term benefits

Expense in respect of other short-term benefits, if any, is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee. Compensated absences are recognized as expense in the period to which they pertain, as the same are short term in nature.

g) Investment

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments.

h) Taxation

Tax expenses comprises of current tax and deferred tax.

(i) Current tax

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provision of Income Tax Act, 1961 as applicable to the financial year.

(ii) Deferred tax

Deferred income-tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset to the extent it pertains to unabsorbed business loss/ depreciation is recognised only to the extent that there is virtual certainty of realisation based on convincing evidence, as evaluated on a case to case basis.

i) Earnings per share

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

j) Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or expense in the year in which they

k) Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

i) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company; or

ii) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

iii) present obligation, where a reliable estimate cannot be made.

When there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

l) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, cash in hand and short-term bank deposits with an original maturity of three months or less.

Notes to financial statements for the year ended 31st March 2022

(Amt in '000)

3 Share Capital

Authorised Shares capital

5,00,000 Equity Shares of Rs. 10/- each

Issued, subscribed and fully paid-up shares capital

4,60,000 Equity Shares of Rs. 10/- each fully paid up

	31st March 22 In Rs.	31st March 21 In Rs.
	5,000	100
	4,600	100
	4,600	100

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity Shares:-

	31st March 22		31st March 21	
	In Nos.('000)	In Rs.('000)	In Nos.('000)	In Rs.('000)
At the beginning of the period	10	100	10	100
Issued during the year	450	4,500	-	-
Balance at the end of the period	460	4,600	10	100

b. Rights, preferences and restrictions attached to shares

Equity Shares: The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

S.No	Shareholder Name	31st March 22		31st March 21	
		In Nos.('000)	In %	In Nos.('000)	In %
1	TIC SERVICES PVT. LTD.	460	99.99%	10	99.99%
		460	99.99%	10	99.99%

As per the records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interests, the above shareholding represents both legal and beneficial ownership of shares.

d. Shares held by promoters at the end of the year

S.No	Promoter Name	31st March 22		31st March 21	
		In Nos.('000)	In %	In Nos.('000)	In %
1	TIC SERVICES PVT. LTD.	460	99.99%	10	99.99%
2	ALOK KUMAR AGARWAL	0.001	0.01%	0.001	0.01%
		460	100.00%	9,999	100.00%

4 Reserve and Surplus

Share premium

Surplus/(deficit) in the statement of profit & loss

Opening Balance

Profit for the period/year

Closing Balance

Total reserves and surplus

	31st March 22 In Rs.	31st March 21 In Rs.
	5,400	-
	(1,877)	(6,554)
	11,395	4,677
	9,518	(1,877)
	14,918	(1,877)

Notes to financial statements for the year ended 31st March 2022

(Amt in '000)

5 Long Term Borrowings

	31st March 22 In Rs.	31st March 21 In Rs.
Loans and advances from related parties		
TIC Services Pvt. Ltd.		
Director	81,950	79,361
Loan from financial institutions	44	-
Axis Bank		
Hero Finance	59,012	-
ICICI Bank	-	29,806
	2,507	2,970
	1,43,514	1,12,138

6 Deferred Tax Liability

Deferred Tax Liability

Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting

Gross deferred tax liability

Deferred Tax Assets

Business Loss are allowed to carried forward and set off u/s 72 of Income tax act in the future year (To the extent considered realisable)

Unabsorbed Depreciation are allowable as deduction under section 32(2) under the Income tax in the future year(To the extent considered realisable)

Pre incorporation expenses u/s 35D of Income Tax Act in future years

Impact of provisions and difference between tax depreciation and depreciation/ amortization charged for financial reporting

Gross deferred tax Assets

Net deferred tax (liability)/Assets

	31st March 22 In Rs.	31st March 21 In Rs.
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting	(3,927)	(2,706)
Gross deferred tax liability	(3,927)	(2,706)
Business Loss are allowed to carried forward and set off u/s 72 of Income tax act in the future year (To the extent considered realisable)	-	2,512
Unabsorbed Depreciation are allowable as deduction under section 32(2) under the Income tax in the future year(To the extent considered realisable)	-	117
Pre incorporation expenses u/s 35D of Income Tax Act in future years	8	16
Gross deferred tax Assets	8	2,645
Net deferred tax (liability)/Assets	(3,919)	(60)

Notes to financial statements for the year ended 31st March 2022

(Amt in '000)

7 Trade Payables

	31st March 22 In Rs.	31st March 21 In Rs.
Payable to MSMEs	13,942	20,557
Payable to Other than MSMEs	1,079	2,465
	15,021	23,022

As at 31/3/2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Undisputed dues - MSME	9,498	4,444	-	-	13,942
Undisputed dues - Others	507	571	-	-	1,079
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

As at 31/3/2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Undisputed dues - MSME	20,557	-	-	-	20,557
Undisputed dues - Others	2,465	-	-	-	2,465
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

8 Other Current Liabilities

	31st March 22 In Rs.	31st March 21 In Rs.
Duties and taxes	1,954	679
PF & SI Payable	195	178
Advance from Vendor	6,704	8,387
Bank Overdraft	29,354	-
Other Expense Payable	839	2,301
Salary Payable	1,248	927
Audit Fee Payable	29	29
	40,323	12,500

10 Non- Current Investment

	31st March 22 In Rs.	31st March 21 In Rs.
Investment in Eq. share of Quality & Testing Infosolution Pvt Ltd	70	70
FDR	10,004	-
	10,074	70

*Note: Fixed Deposit (FD) is provided against Bank Guarantee

11 Other Non Current Assets

	31st March 22 In Rs.	31st March 21 In Rs.
Long-Term Loan and Advances		
Security Deposit	8,694	2,670
Other Loans and Advances	20,351	6,746
	29,045	9,416

Notes to financial statements for the year ended 31st March 2022

(Amt in '000)

9 Property, Plant and Equipments

Particular	Gross Block						Depreciation Block				Net Block	
	Opening Balance as on 1st April 2021	Additions during the year	Sale/disposal during the year	Profit/(Loss) on sale of Asset	Closing Balance as on 31st Mar 2022	Opening Balance as on 1st April 2021	Provided during the year	Deduction/adjustments during the year	Closing Balance as on 31st Mar 2022	Carrying Amount as on 31st March 2022	Carrying Amount as on 31st March 2021	
Computer and Others	731	273	-	-	1,003	295	189	-	484	519	435	
Office Equipment - Books	523	-	-	-	523	131	77	-	208	315	393	
Office Equipment - OE	190	-	-	-	190	33	32	-	65	125	156	
Furniture and Fixture	1,717	1,515	-	-	3,232	221	240	-	461	2,771	1,495	
Plant and Machinery	62,399	15,541	-	-	77,940	5,345	3,958	-	9,303	68,637	57,054	
Furniture and Fixture - WIP	24,735	-	-	-	24,735	-	-	-	-	24,735	24,735	
Capital WIP	19,980	-	-	-	19,980	-	-	-	-	19,980	19,980	
Motor Vehicles	4,105	-	-	-	4,105	302	488	-	790	3,315	3,803	
Total	1,14,379	17,319	-	-	1,31,707	6,327	4,984	-	11,311	1,20,396	1,08,051	
Last Year	53,781	60,538	-	-	1,14,379	2,848	3,479	-	6,327	1,08,051	50,932	

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Notes to financial statements for the year ended 31st March 2022

(Amt in '000)

12 Sundry Debtors

Secured, considered good
Unsecured, considered good

31st March 22 In Rs.	31st March 21 In Rs.
21,928	12,023
21,928	12,023

As at 31/3/2022

Particulars	Outstanding for following periods from the date of payment					
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) Undisputed Trade receivables-considered good	20,436	393	1,100	-	-	21,928
(ii) Undisputed Trade Receivables-considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-

As at 31/3/2021

Particulars	Outstanding for following periods from the date of payment					
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) Undisputed Trade receivables-considered good	11,356	201	466	-	-	12,023
(ii) Undisputed Trade Receivables-considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-

13 Cash and Bank Balances

Cash and cash equivalents
Cash in hand
Balances with banks

31st March 22 In Rs.	31st March 21 In Rs.
186	1,314
106	1,314

14 Other Current Assets

Income tax refund 2020-21
TDS Receivable
Advance to Vendor
Gst input credit

31st March 22 In Rs.	31st March 21 In Rs.
3,957	3,109
9,296	4,114
25,091	3,906
2,319	3,939
40,664	15,069

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Notes to financial statements for the year ended 31st March 2022

(Amt in '000)

15 Revenue from Operations

	31st March 22 In Rs.	31st March 21 In Rs.
Testing Services	1,19,657	63,549
Sale of Goods	-	92
	1,19,657	63,641

16 Other Income

	31st March 22 In Rs.	31st March 21 In Rs.
Discount Received	-	94
Interest Income	4	-
Interest on Income Tax Refund	108	-
Liabilities Written Back	404	9
	516	103

17 Direct Expenses

	31st March 22 In Rs.	31st March 21 In Rs.
Testing Material Purchase	4,505	1,482
Testing Service Charges	13,049	11,899
Calibration Services	658	665
Consumable Expenses	42	113
Packaging Charges	22	7
Transportation Charges	-	180
Electrical Material	590	328
Lab Expenses	76	407
	18,943	15,081

18 Employee Benefit Expenses

	31st March 22 In Rs.	31st March 21 In Rs.
Salaries and Wages	31,235	11,698
Staff Welfare Expenses	952	918
Contribution to Provident and other Funds	1,164	157
	33,351	12,773

19 Finance Cost

	31st March 22 In Rs.	31st March 21 In Rs.
Bank Charges	352	38
Interest on Loans	2,834	-
	3,186	38

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Notes to financial statements for the year ended 31st March 2022

(Amt in '000)

20 Depreciation & Amortization

Depreciation of Property, Plant & Equipments

31st March 22 In Rs.	31st March 21 In Rs.
4,984	3,479
4,984	3,479

21 Other Expenses

Audit Fee (Refer Note No. 21.1)
 Advertisement & Sales Promotion Exp.
 Bad Debts
 Diesel Expenses
 Electricity & Water Charges
 Insurance Charges
 Net Gain/Loss in foreign exchange
 Office and Administrative Expenses
 Postage and Courier Charges
 Printing & Stationery Exp
 Professional Fees
Rent Expense
 Office Rent
 Other Rent
Repair and Maintenance Exp
 Building
 Plant & Machinery
 Other
 Security Expenses
 Rates and Taxes
 Telephone and Internet Charges
 Input GST Written off
 House Keeping Charges
 Travelling & Conveyance Exp
 Packing & Delivery Expense
 Other Expenses

31st March 22 In Rs.	31st March 21 In Rs.
29	29
33	13
35	11
1,877	589
18,780	12,913
976	69
113	120
2,595	840
2,410	595
480	50
2,300	1,595
5,236	4,601
2,863	2,240
87	102
608	269
258	40
399	27
219	71
217	79
125	217
190	153
3,605	361
225	-
394	-
44,054	24,986

21 Audit Fees

Statutory Audit Fees

31st March 22 In Rs.	31st March 21 In Rs.
29	29
29	29

22 Earnings per share (EPS)

Earning attributable to Equity Shareholder
 Weighted average number of equity shares in calculating basic EPS

Basic Earning Per Share

Weighted average number of equity shares in calculating Diluted EPS
 Diluted Earning Per Share

31st March 22 In Rs.	31st March 21 In Rs.
11,395	4,677
460	10
25	467.73
460	10
25	467.73