

# S. Ramanand Aiyar & Co.

## CHARTERED ACCOUNTANTS

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### Independent Auditor's Report

To the Members of HGS (India) Limited

Report on the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated Financial Statements of **HGS (India) Limited** ("the Company"), which comprise the Consolidated Balance sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

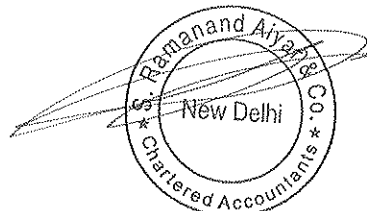
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit and its Cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 Consolidated 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 audit opinion on the Consolidated Financial Statements.

#### Information other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors and Management is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the Consolidated Financial Statements and our auditor's report thereon. The other information as identified above is expected to be made available to us after the date of this Auditor's Report.



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

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

When we read those documents including annexures, if any thereon, if we conclude that there is a material misstatement therein, we shall communicate the matter to the Management.

### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the financial position and financial performance s of the Company in accordance with the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended.

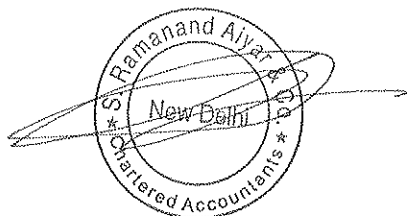
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

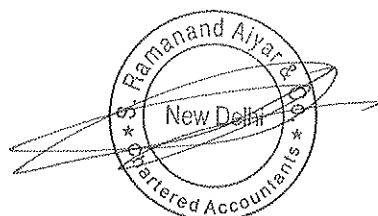


be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated 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 Consolidated Financial Consolidated 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 Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

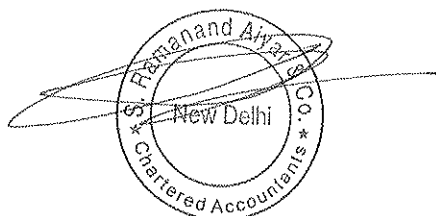


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

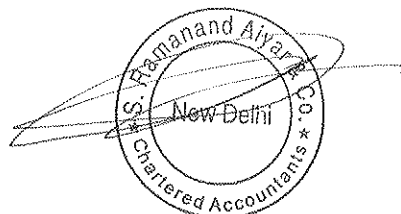
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

1. (A) As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder;
  - e. On the basis of the written representations received from the directors as at March 31, 2024 and taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2024 from being appointed as a director in terms of section 164(2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our Opinion and to the best of our information and according to the explanations given to us, the 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 pending litigations on its financial position in its Consolidated Financial Statements as at March 31, 2024.



- II. The Company was not required to recognise a provision as at 31 March 2024 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contracts (including derivative contracts).
- III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- IV. (a) Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.
- V. a. The Final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- b. Interim dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act
- b. 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 Annual General Meeting. The amount of the dividend proposed is in accordance with Section 123 of the Act, as applicable.
- VI. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended 31 March 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.



As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 01 April 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its foreign subsidiary included in the consolidated financial statements of the Company, to which reporting under CARO is not applicable, we report that there are no qualifications or adverse remarks in the CARO report.

**For S. Ramanand Aiyar & Co.**

**Chartered Accountants**

**Firm's registration number: 000990N**



**R. Balasubramanian**

**Partner**

**Membership no.: 080432**

**UDIN: 24080432BKAIFO6259**

**Place: New Delhi**

**Date: 17.07.2024**



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

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

### **Report on the Internal Financial Controls 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 HGS (India) Limited ('the Company') as of March 31, 2024 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended and as on that date.

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

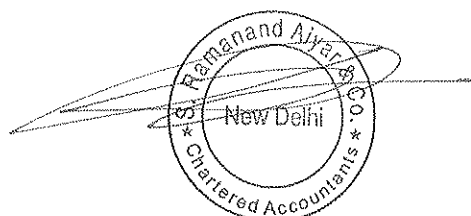
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the 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 auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error.

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls 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, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**For S. Ramanand Aiyar & Co.**

**Chartered Accountants**

**Firm's registration number: 000990N**

**R. Balasubramanian**

**Partner**

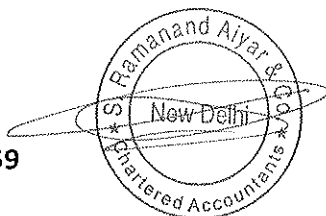
**Membership no.: 080432**

**UDIN: 24080432BKAIFO6259**

**Place: New Delhi**

**Date: 17.07.2024**

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HGS (India) Limited & its Subsidiary  
Consolidated Balance Sheet as at March 31, 2024

(₹ in thousands)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholder's funds</b>			
Share capital	3	94,808.00	94,808.00
Reserves and surplus	4	9,54,737.51	9,49,570.83
		<u>10,49,545.51</u>	<u>10,44,378.83</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities(net)	5	9,495.94	9,921.45
Other non current liabilities	6	3,630.00	1,950.00
Long-term provisions	7	30,481.05	47,160.65
		<u>43,606.99</u>	<u>59,032.10</u>
<b>Current liabilities</b>			
Trade payables due for payment	8	3,777.75	5,895.20
Other current liabilities	9	34,313.45	29,707.58
Short-term provisions	7	5,664.06	6,167.13
		<u>43,755.26</u>	<u>41,769.91</u>
<b>Total</b>		<u><b>11,36,907.76</b></u>	<u><b>11,45,180.84</b></u>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
<b>Property, Plant and Equipment and Intangible assets</b>			
Property, Plant and Equipment	10	3,84,982.99	3,85,677.52
Intangible assets	10	261.46	402.50
CWIP		456.18	-
Non-current investments	11	1.53	2.00
Long - term loans and advances	12	10,171.02	4,847.97
Other Non-current Assets	13	2,576.25	2,593.20
		<u>3,98,449.43</u>	<u>3,93,523.19</u>
<b>Current assets</b>			
Current investments	14	1,64,118.98	1,85,076.50
Short - term loans and advances	12	85,618.51	5,115.92
Trade receivables	15	14,435.33	32,142.86
Inventories	16	4,23,788.30	4,72,739.06
Cash and bank balances	17	47,810.40	54,248.55
Other current Assets	13	2,686.81	2,334.76
		<u>7,38,458.33</u>	<u>7,51,657.65</u>
<b>Total</b>		<u><b>11,36,907.76</b></u>	<u><b>11,45,180.84</b></u>

Significant Accounting Policies & Notes to Financial Statements 1 to 37

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For S. Ramanand Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 000990N

For & on behalf of Board of Directors



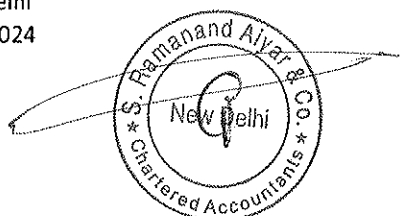
Anil Dass  
Managing Director & CFO  
DIN: 00043366



Samir Gugnani  
Director  
DIN: 03518423

R. Balasubramanian  
Partner  
Membership No.: 080432

Place: New Delhi  
Date: 17.07.2024



HGS (India) Limited & its Subsidiary  
Consolidated Statement of profit and loss for the year ended March 31, 2024

( ₹ in thousands)

Particulars	Note No.	For the year ended on March 31, 2024	For the year ended on March 31, 2023
<b>Income</b>			
Revenue from operations	18	3,52,458.90	2,93,075.62
Other income	19	24,644.55	43,730.31
<b>Total income (A)</b>		<b>3,77,103.45</b>	<b>3,36,805.93</b>
<b>Expenses</b>			
Purchase of traded Goods	20	503.12	113.19
Cost of raw material consumed	21	65,050.34	55,758.66
Changes in inventories	22	49,056.90	199.73
Employee benefits expense	23	1,43,570.45	1,59,416.15
Other expenses	24	57,338.66	57,639.47
Finance costs	25	-	0.33
Depreciation and amortisation expense	10	14,786.12	15,403.52
<b>Total Expenses (B)</b>		<b>3,30,305.59</b>	<b>2,88,531.05</b>
<b>Profit before tax (C = A-B)</b>		<b>46,797.86</b>	<b>48,274.88</b>
<b>Tax Expense</b>			
<b>Current tax</b>			
Pertaining to profit/(loss) for the current period		6,363.00	7,959.33
Adjustment of tax relating to earlier periods		883.08	934.48
Deferred Tax		(425.51)	2,711.69
<b>Total Tax Expense (D)</b>		<b>6,820.57</b>	<b>11,605.50</b>
<b>Profit for the year (C-D)</b>		<b>39,977.29</b>	<b>36,669.38</b>
<b>Earnings per equity share</b>			
26			
Basic		4.22	3.87
Diluted		4.22	3.87
<b>Significant Accounting Policies &amp; Notes to Financial Statements</b>	1 to 37		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date attached

For S. Ramanand Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 000990N

For & on behalf of Board of Directors




Anil Dass  
Managing Director & CFO  
DIN: 00043366

Samir Gugnani  
Director  
DIN: 03518423

R. Balasubramanian  
Partner  
Membership No.: 080432

Place: New Delhi  
Date: 17.07.2024



## HGS (INDIA) LIMITED

## Consolidated Cash flow statement for the year ended March 31, 2024

(₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
<b>A. Cash flow from operating activities</b>		
Net profit before tax but after exceptional / extraordinary items	46,797.86	48,274.88
Adjustments for non-cash items:		
Depreciation / amortization	14,786.12	15,403.52
Interest & finance expense	-	0.33
Effect of Foreign Currency translation reserve	(1,627.81)	(1,854.00)
Interest income	(411.10)	(15,094.65)
Income from investments - dividends	(81.64)	(168.79)
Loss on fixed assets sold/ discarded (net)	838.55	(126.65)
Loss/(profit) on sale of investments	(4,730.66)	(1,543.55)
Provision for diminution in the value of Investments	-	-
Provisions for Leave Encashment written back	-	(4,494.06)
Provisions and Liability no longer required written back	(861.85)	(2,775.88)
	54,709.47	37,621.16
Adjustments for changes in working capital :		
(Increase)/decrease in trade receivables	17,707.53	1,05,583.12
(Increase)/decrease in long-term loans & advances	-	340.12
(Increase)/decrease in other Non-current Assets	16.95	(10.00)
(Increase)/decrease in short-term loans & advances	(502.59)	908.65
(Increase)/decrease in inventories	48,950.76	11,126.94
(Increase)/decrease in other current assets	(352.05)	569.55
Increase/(decrease) in trade payables	(2,117.45)	(43,789.91)
Increase /(decrease) in other current liabilities	5,467.72	(7,681.92)
Increase /(decrease) in other long-term liabilities	1,680.00	-
Increase /(decrease) in long-term provisions	(16,679.60)	4,312.40
Increase /(decrease) in short-term provisions	(503.07)	(7,171.63)
Cash generated from/(used in) operations	1,08,377.66	1,01,808.46
Taxes (paid) / received (net of withholding taxes TDS)	(12,569.13)	(6,787.57)
Net cash from/(used in) operating activities	95,808.53	95,020.89
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets		
additions during the year	(16,053.80)	(5,672.03)
Capital work in progress		
deductions/(additions) during the year	(456.18)	1,519.14
Proceeds from sale of fixed assets	1,264.70	172.10
Proceeds from sale/maturity of current investments	25,688.18	(1,21,976.05)
Proceeds from sale/maturity of non current investments	0.47	-
Purchase of current investments	0.00	-
Interest received (revenue)(net of TDS)	411.10	15,094.65
Dividend received	81.64	168.79
Short Term Loan given	(95,000.00)	-
Repayment of Short Term Loan	15,000.00	-
Net cash from/(used in) investing activities	(69,063.89)	(1,10,693.40)



## HGS (INDIA) LIMITED

## Consolidated Cash flow statement for the year ended March 31, 2024

(₹ in thousands)

## C. Cash flow from financing activities

Interest & finance charges paid	-	(0.33)
Dividend paid	(33,182.80)	(14,221.20)
Net cash from/(used in) financing activities	(33,182.80)	(14,221.53)
Net increase/(decrease) in cash & cash equivalents	(6,438.15)	(29,894.04)
Cash & cash equivalents - opening balance	54,248.55	84,142.59
Cash & cash equivalents - closing balance	47,810.40	54,248.55
Net increase/(decrease) in cash & cash equivalents	(6,438.15)	(29,894.04)

## NOTES:

- The above cash flow statement has been prepared under the "Indirect method" as set out in the Accounting Standard 3 on cash flow statement.
- Cash and cash equivalents at the end of the year consist of cash in hand and balance with banks as follows:

(₹ in thousands)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash, cheques & drafts (in hand) and remittances in transit	10.14	307.50
Balance with banks		
Current account	21,475.46	42,644.10
In cash credit accounts	720.85	262.09
In dividend accounts	6,172.65	53.09
Other bank balances		
Fixed Deposit having original maturity in excess of 3 months	19,431.30	10,981.77
- Bank Deposit with less than 12 months maturity		
	47,810.40	54,248.55

The accompanying notes are an integral part of the financial statements.

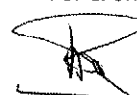
As per our Report of even date attached

For S. Ramanand Aiyar &amp; Co.

Chartered Accountants

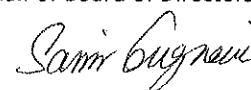
Firm Registration No. 000990N

For &amp; on behalf of Board of Directors



Anil Dass  
Managing Director &  
CFO

DIN: 00043366



Samir Gugnani  
Director

DIN: 03518423

R. Balasubramanian

Partner

Membership No.: 080432

Place: New Delhi

Date: 17.07.2024



## 1. Corporate information

HGS (INDIA) Ltd. is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of manufacturing Geophone strings, Cables and Connectors. It caters to both domestic and international markets.

The Holding Company has one Subsidiary namely HGS Products BV, The Netherlands which is engaged in trading of Geophysical Equipment.

## 2. Significant accounting policies

### a. Basis of preparation of financial statements

The Financial statements of the Company have been prepared to comply in all material respects with the accounting standards specified under section 133 of the Act read with the rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention, on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or noncurrent as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purposes of current / noncurrent classification of assets and liabilities.

### b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### Principles of Consolidation

The Consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) – "Consolidated Financial Statements". The Consolidated financial statements comprise the financial statements of HGS (India) Limited (Parent Company) and the following subsidiary: -

Name of the Company	Country of Incorporation	Holding (%)
HGS Products BV	The Netherlands	100.00%



**c. Tangible fixed assets**

Tangible fixed assets are stated at cost of acquisition or construction, or at revalued amounts, net of impairment loss if any, less accumulated depreciation/amortisation. The Company capitalizes all costs including costs of borrowed funds and duties & taxes attributable to acquisition or construction of fixed assets, up to the date the assets are put to use. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, recognized.

The Company adjusts exchange differences arising on translation/settlement of long term foreign currency monetary items pertaining to the acquisition of depreciable assets to the cost of the asset and depreciates the same over the remaining life of the asset.

**d. Intangible fixed assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses if any.

**e. Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**f. Depreciation**

Depreciation is provided on tangible fixed assets from the date of installation/acquisition on a pro-rata basis. Depreciation is being provided on Straight line method as per useful life of the asset specified in schedule II of the Companies Act 2013.

The Company has adopted component accounting, wherever applicable, and identifies and determines cost of each component/part separately, if the component part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful life; the remaining asset is depreciated over the life of the principal asset.

Intangible fixed assets are amortized on straight line basis over their estimated useful economic life. The Company is amortizing its software over its useful life on pro rata basis.

**g. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date to assess whether there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The



recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures it on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### **h. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically,

- i. Revenue from sale of goods is recognized at the point of dispatch of the finished goods to the customers. Sales are inclusive of excise duty and exclusive of sales tax. Sales includes warranty sales and sample sales.
- ii. Income under repair charges is recognized on accrual basis on execution of Contracts.
- iii. Exports Benefits including duty drawbacks are recognized when sanctioned by the authorities.
- iv. Interest income is recognized on time proportion basis at applicable interest rate.
- v. Business Auxiliary Services are recognized on accrual basis as per terms and condition of the contract.
- vi. Rent income is recognized on accrual basis.
- vii. Management Fees is recognized on accrual basis as per terms and conditions of the contract.
- viii. Dividend income is accounted for in the year in which it is declared.

#### **i. Foreign currency transactions**

##### **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 transaction.

##### **Conversion**

Foreign currency monetary items are reported using the closing rate. Non monetary items, which are measured in terms of historical costs denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Non monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

##### **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 previous financial statements, are recognized as income or as expenses in the year in which they arise.



For exchange differences arising on certain long term foreign currency monetary items, refer to note 2c on tangible fixed assets and 2j on forward exchange contracts to hedge foreign currency risks.

All other exchange differences are recognized as income or as expenses in the period in which they arise.

#### Foreign Subsidiaries/Associates

All the activities of the foreign subsidiaries/associates are carried out with a significant degree of autonomy from those of the parent. Accordingly, as per the provisions of Accounting Standard - 11 (AS-11) "Effect of changes in foreign exchange rates", these operations have been classified as "Non-integral operations" and therefore all the assets and liabilities, both monetary and non-monetary, are translated at the closing rates while income and expenses are translated at the average exchange rates. The resulting exchange differences are accumulated in the foreign currency translation reserve account until the disposal of net investment.

#### j. Forward exchange contracts to hedge foreign currency risks

The Company uses foreign exchange forward contracts to mitigate its exposure to movements in foreign exchange rates in respect of highly probable transactions or firm commitments. No premium or discount is recorded separately on such foreign exchange contracts. The gain/losses arising on settlement/cancellation of the contracts are recognized in the profit and loss account of the period of such cancellation/settlement. Provision for losses in respect of all outstanding derivative contracts are made at the Balance sheet date by marking them to market keeping in view the principle of prudence as enunciated in Accounting Standard 1(AS-1).

#### k. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments or short term investments. All other investments are classified as long-term investments. Current investments are valued at lower of cost and fair value determined on an individual investment basis. Changes in the carrying amount of current investments are recognized in the statement of profit and loss account. Long term investments are valued at cost. However, provision for diminution in value is made to recognize a decline that is other than temporary in the value of investments, wherever considered necessary. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

#### l. Inventories

Raw materials, components, stores and spares are valued at the cost. Cost is determined on FIFO basis. Scrap is valued at net realizable value. Finished goods are valued at lower of cost or net realizable value.

Cost of finished goods, work in progress (WIP) and Intermediate goods comprise raw material cost on First in First out (FIFO) basis plus actual conversion cost.



**m. Retirement benefits**

The different types of retirement and employee benefits are accounted for as follows:

- i. All employees are covered under contributory provident fund benefit of a contribution of 12% of salary and certain allowances. It is a defined contribution scheme and the contribution is charged to the statement of profit and loss account of the year when the contribution to the respective fund is due. There is no obligation other than the contribution payable to the respective fund.
- ii. Employees' Gratuity liability is fully covered under a gratuity cum Insurance Policy of Life Insurance Corporation of India taken by HGS (India) Limited Employees Gratuity Trust Fund and contributions made by the Company to the said fund of the amount of accruing liability each year, is charged to Profit & Loss Account. The gratuity liability in the current financial year is based on independent actuarial valuation.
- iii. Accrual for leave encashment benefit is based on actuarial valuation as on the date of the balance sheet in pursuance of the Company's leave rules.

**n. Income and deferred taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 and tax laws prevailing in the respective tax jurisdictions where the Company operates.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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 realized. Deferred tax asset on unabsorbed depreciation and carry forward losses is recognized only to the extent that there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date, the Company reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**o. Cash and cash equivalents**

Cash and cash equivalents comprises cash at bank and cash/cheques in hand and short term deposits with Banks with an original maturity of three months or less.

**p. Earnings per share**

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



during the period. The weighted average number of equity shares is adjusted for events such as bonus issue and shares split 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 attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares if any.

**q. Provisions**

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

**r. 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 probable that an outflow of resources will be required to settle the obligations. 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.

**s. Warranty**

Warranty is provided for as estimated by the management.

**t. Research & Development**

Expenditure on Research & Development including that of capital nature is charged against the profit of the year in which it is incurred.



HGS (India) Limited & its Subsidiary

Consolidated Notes to financial statements for the year ended March 31, 2024

Shareholder's funds

( ₹ in thousands)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>3. Share capital</b>		
<b>Authorised</b>		
1,80,00,000 (2023: 1,80,00,000) Equity shares of Rs 10/- each	1,80,000.00	1,80,000.00
<b>Issued, subscribed and fully paid up</b>		
94,80,800 (2023: 94,80,800) Equity shares of Rs 10/- each	94,808.00	94,808.00
	<b>94,808.00</b>	<b>94,808.00</b>

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number	₹ in thousands	Number	₹ in thousands
<b>a. Reconciliation of the shares outstanding</b>				
<b>Equity/Preference Shares</b>				
<b>Authorised</b>				
Opening balance	1,80,00,000	1,80,000.00	1,80,00,000	1,80,000.00
<b>Additions:</b>				
Closing balance	<b>1,80,00,000</b>	<b>1,80,000.00</b>	<b>1,80,00,000</b>	<b>1,80,000.00</b>
<b>Issued, subscribed and fully paid up</b>				
Opening balance	94,80,800	94,808.00	94,80,800	94,808.00
Shares issued				
Shares buy back*	-	-	-	-
Closing balance	<b>94,80,800</b>	<b>94,808.00</b>	<b>94,80,800</b>	<b>94,808.00</b>

b. Rights , preferences and restrictions attaching to each class of shares

Equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company , the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	%	No. of Shares	%
<b>Equity shares</b>				
<b>Name of shareholder</b>				
Sowar Private Limited	34,00,560	35.87%	34,00,560	35.87%
Mr. Anil Dass	10,46,800	11.04%	10,46,800	11.04%
Queensgate Holdings(India) Pvt Ltd	8,18,640	8.63%	8,18,640	8.63%
Mr. Shashi Singh	5,48,640	5.79%	5,48,640	5.79%
Major Brijendra Singh	6,65,920	7.02%	6,65,920	7.02%
Mr. Pawan Singh	4,75,200	5.01%	4,75,200	5.01%



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 ownerships of shares.

d. Aggregate number and class of shares allotted / bought back during the period of five years immediately preceding March 31, 2024

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Equity/Preference shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Equity shares allotted as fully paid up by way of Equity/Preference shares bought back	-	-	16,38,880	-	-

e. Shares held by Promoters at the end of the year

Promoter Name of HGS (India) Ltd.	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Major Brijendra Singh (Retd)	6,65,920	7.02	6,65,920	7.02
Mr. Anil Dass	10,46,800	11.04	10,46,800	11.04
Sowar Pvt Ltd	34,00,560	35.87	34,00,560	35.87
Queensgate Holding (India) Pvt Ltd	8,18,640	8.63	8,18,640	8.63
Mr. Shashi Singh	5,48,640	5.79	5,48,640	5.79

Promoter Name of HGS (India) Ltd.	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Major Brijendra Singh (Retd)	6,65,920	7.02	6,65,920	7.02
Mr. Anil Dass	10,46,800	11.04	10,46,800	11.04
Sowar Pvt Ltd	34,00,560	35.87	34,00,560	35.87
Queensgate Holding (India) Pvt Ltd	8,18,640	8.63	8,18,640	8.63
Mr. Shashi Singh	5,48,640	5.79	5,48,640	5.79



HGS (India) Limited & its Subsidiary

Notes to consolidated financial statements for the year ended March 31, 2024

4. Reserves and surplus

( ₹ in thousands)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital reserves		
Opening balance*	950.88	950.88
Closing balance (A)	<u>950.88</u>	<u>950.88</u>
*Capital Subsidy received from District Industries centre, Haryana		
-Against testing equipment and generator set		
-Against the capital cost of the project		
Capital Redemption Reserves		
Opening balance	16,388.80	16,388.80
Addition on account of buy back of shares	-	-
Closing balance (B)-Capital Redemption Reserves	<u>16,388.80</u>	<u>16,388.80</u>
Securities premium account		
Opening balance	514.80	514.80
Closing balance (C)-Securities premium account	<u>514.80</u>	<u>514.80</u>
Revaluation reserve		
Opening balance	99,148.69	99,148.69
Closing balance (D)	<u>99,148.69</u>	<u>99,148.69</u>
General reserve		
Opening balance	2,20,029.93	2,20,029.93
Add: Opening adjustment	-	-
Add: amount transferred from the statement of profit and loss	-	-
Closing Balance (E)-General Reserve	<u>2,20,029.93</u>	<u>2,20,029.93</u>
Surplus / (Deficit) in the statement of profit & loss		
Opening balance	6,12,537.72	5,91,943.54
Foreign Currency Translation Reserve	(1,627.81)	(1,854.00)
Add: Net profit after tax transferred from statement of profit & loss	39,977.29	36,669.38
Amount available for appropriation (i)	<u>6,50,887.21</u>	<u>6,26,758.92</u>
Less: Appropriations		
Dividend Paid	14,221.20	14,221.20
Interim Dividend	18,961.60	-
Total appropriations (ii)	<u>33,182.80</u>	<u>14,221.20</u>
Closing balance (F) = (i - ii)	<u>6,17,704.41</u>	<u>6,12,537.72</u>
Total reserves and surplus (A+B+C+D+E+F)	<u>9,54,737.51</u>	<u>9,49,570.83</u>



## HGS (India) Limited &amp; its Subsidiary

## Notes to consolidated financial statements for the year ended March 31, 2024

## 5. Deferred tax liabilities (net)

(₹ in thousands)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and accounting depreciation/ amortization	18,592.94	23,342.98
Gross deferred tax liability	18,592.94	23,342.98
Deferred tax asset		
Provision for doubtful debts and advances	-	-
Provision for warranties	775.40	591.67
Provision for Gratuity	3,263.27	6,092.54
Provision for Leave Encashment	5,058.32	6,737.32
Gross deferred tax asset	9,096.99	13,421.53
Deferred tax liabilities (net)	9,495.95	9,921.45

## 6. Other non current liabilities

(₹ in thousands)

Particulars	Non - Current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Security deposits received	3,630.00	1,950.00	-	-
	3,630.00	1,950.00	-	-



HGS (India) Limited & its Subsidiary  
Notes to consolidated financial statements for the year ended March 31, 2024

7. Provisions

( ₹ in thousands)

Particulars	Non - Current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>Provision for employees' benefits</b>				
Provision for gratuity	10,983.63	21,535.66	1,982.33	2,671.83
Provision for leave encashment	19,497.42	25,624.99	600.82	1,144.41
	30,481.05	47,160.65	2,583.15	3,816.24
<b>Others</b>				
Provision for warranty*	-	-	3,080.91	2,350.89
	-	-	3,080.91	2,350.89
	30,481.045	47,160.65	5,664.06	6,167.13

\*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. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about returns based on one year / two year warranty period for all products sold. The provision for current year is made @1% (Previous year @1%) of the sales. The table below gives information about movement in warranty provisions.

( ₹ in thousands)

Particulars	As at March 31, 2024	As at March 31, 2023
At the beginning of the year	2,350.89	4,476.97
Arising during the year	3,080.91	2,350.89
Utilized during the year	-	-
Unused amounts reversed	2,350.89	4,476.97
<b>At the end of the year</b>	<b>3,080.91</b>	<b>2,350.89</b>
Current portion	3,080.91	2,350.89



8. Trade payables due for payment

(₹ in thousands)

Particulars	As at March 31,	As at March 31,	As at March 31,	As at March 31,
	2024	2023	2024	2023
Micro, small and medium enterprises	-	-	1,475.07	1,575.30
Other trade payables	-	-	2,302.68	4,319.90
	-	-	3,777.75	5,895.20

Ageing for trade payables outstanding as at March 31st, 2024 is as follows:

(₹ in thousands)

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Trade payable due for payment					
Trade payable to Micro and Small Enterprises	1,475.07	-	-	-	1,475.07
Trade payable other than Micro and Small Enterprises	2,302.68	-	-	-	2,302.68
Trade payable to Micro and Small Enterprises - Disputed	-	-	-	-	-
Trade payable other than Micro and Small Enterprises - Disputed	-	-	-	-	-
Total	3,777.75	-	-	-	3,777.75

Ageing for trade payables outstanding as at March 31st, 2023 is as follows:

(₹ in thousands)

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Trade payable due for payment					
Trade payable to Micro and Small Enterprises	1,575.31	-	-	-	1,575.31
Trade payable other than Micro and Small Enterprises	4,307.90	-	12.00	-	4,319.90
Trade payable to Micro and Small Enterprises - Disputed	-	-	-	-	-
Trade payable other than Micro and Small Enterprises - Disputed	-	-	-	-	-
Total	5,883.21	-	12.00	-	5,895.21



HGS (India) Limited & its Subsidiary

Notes to consolidated financial statements for the year ended March 31, 2024

9. Other current liabilities

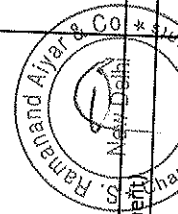
( ₹ in thousands)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance from Customers	2,784.76	1,949.54
Payable to employees	9,808.94	19,705.25
Other expense payable	1,936.19	2,756.76
VAT/CST recoverable	77.52	77.52
Other statutory dues	13,585.03	5,218.51
Dividend Payable	6,121.01	-
	<b>34,313.45</b>	<b>29,707.58</b>



## 10. Property, Plant and Equipment and Intangible assets

Particulars	Original cost			Depreciation/Amortization			Net book value As at March 31, 2024	
	As at April 01, 2023	Additions during the year	Deductions / Retirement during the year	As at March 31, 2024	As at April 01, 2023	For the year		Deductions during the year
<b>Tangible assets</b>								
(a) Land - Gurgaon (37-38)	1,00,000.00	-	-	1,00,000.00	-	-	-	1,00,000.00
(b) Land - Manesar (146)	34,424.99	-	-	34,424.99	-	-	-	34,424.99
(c) Land - Manesar (158)	48,731.45	-	-	48,731.45	-	-	-	48,731.45
a) Building - Gurgaon (37-38)	16,108.61	-	373.84	15,734.77	10,189.23	401.83	373.84	10,217.23
b) Building - Manesar (146)	38,528.14	3,045.11	-	41,573.25	14,012.48	1,243.08	-	15,255.56
c) Building - Manesar (158)	88,244.47	4,581.21	-	92,825.68	4,065.76	2,776.64	-	43,842.39
c) Building - HO	75,738.48	1,916.38	-	77,654.86	12,155.69	1,202.30	-	13,357.99
Tube well	99.57	-	-	99.57	94.59	-	-	94.59
<b>Plant &amp; Machinery</b>								
Imported	18,533.31	71.22	-	18,604.53	15,055.61	311.51	-	15,367.12
Indigenous	38,333.81	205.57	5,488.97	33,050.40	27,073.27	1,144.56	-	23,992.66
<b>Tools &amp; Implements</b>								
Imported	3,080.79	-	1,107.82	1,972.98	2,050.82	120.94	-	1,143.56
Indigenous	1,761.14	-	422.18	1,338.96	1,081.63	61.26	-	767.13
<b>Testing Equipments</b>								
Imported	5,152.39	-	77.10	5,075.29	3,219.60	278.72	-	3,471.61
Indigenous	3,632.09	-	232.00	3,400.10	1,363.31	171.68	-	1,315.50
Mould & Dies	58,944.64	670.00	731.25	58,883.39	36,437.31	3,958.65	-	39,699.97
Generator	4,805.88	-	412.68	4,393.21	4,518.96	46.63	-	19,183.42
Electrical Installation	19,942.31	283.46	765.98	19,459.79	17,144.27	684.54	-	219.66
Electrical Installation(Dormitory Unit)	58.93	-	-	58.93	55.99	-	-	17,080.27
Furniture & fixtures(Dormitory Units)	118.82	-	-	118.82	112.88	-	-	55.99
Furniture & fixtures	24,101.58	192.26	480.33	23,813.51	22,599.40	109.86	-	2,379.52
Office Equipment	4,822.55	910.30	1,562.52	4,170.32	3,873.31	263.45	-	2,95
Air Conditioners	6,599.84	1,050.68	463.07	7,187.45	5,635.90	193.56	-	2,95
Computer	5,620.25	109.47	1,390.37	4,339.35	4,921.99	246.68	-	5,94
Server	550.07	-	115.95	434.13	522.85	-	-	1,572.16
Vehicles	9,120.32	3,018.15	1,338.61	10,799.85	6,012.02	1,028.19	-	1,530.54
Material Handling Equip	6,757.68	-	1,154.77	5,602.91	4,827.70	238.75	-	1,797.91
Dormitory Units	6,084.82	-	-	6,084.82	1,245.38	95.06	-	494.60
Fire fighting Equipments	2,073.99	-	-	2,073.99	1,023.44	134.07	-	21.71
Total (Property, Plant and Equipment)	6,21,970.91	16,053.80	16,117.44	6,21,907.28	2,36,293.38	14,711.96	14,081.06	4,744.38
Software	5,977.20	-	1,347.97	4,629.23	5,574.70	74.16	-	915.48
Total (Intangible)	5,977.20	-	1,347.97	4,629.23	5,574.70	74.16	1,281.10	3,84,982.99
Total (Property, Plant and Equipment and Intangible assets)	6,27,948.11	16,053.80	17,465.41	6,26,536.51	2,41,868.08	14,786.12	15,362.16	2,41,292.04
								3,85,244.46



Particulars	Original cost			Depreciation/Amortization			Net book value As at March 31, 2023
	As at April 01, 2022	Additions during the year	Deductions/ Retirement during the year	As at March 31, 2023	For the year	Deductions during the year	
<b>Tangible assets</b>							
(a) Land - Gurgaon (37-38)	1,00,000.00	-	-	1,00,000.00	-	-	1,00,000.00
(b) Land - Manesar (146)	34,424.99	-	-	34,424.99	-	-	34,424.99
(c) Land - Manesar (158)	48,731.45	-	-	48,731.45	-	-	48,731.45
a) Building - Gurgaon (37-38)	16,108.61	-	-	16,108.61	400.73	-	10,189.23
b) Building - Manesar (146)	38,528.14	-	-	38,528.14	1,213.35	-	14,012.48
c) Building - Manesar (158)	88,244.47	-	-	88,244.47	2,756.77	-	41,065.76
c) Building - HO	75,738.48	-	-	75,738.48	1,197.69	-	12,155.69
Tube well	99.57	-	-	99.57	-	-	94.59
<b>Plant &amp; Machinery</b>							
Imported	18,533.31	-	-	18,533.31	139.08	-	15,055.61
Indigenous	38,168.81	165.00	-	38,333.81	1,317.91	-	27,073.27
<b>Tools &amp; Implements</b>							
Imported	3,080.79	-	-	3,080.79	145.80	-	2,050.82
Indigenous	1,761.14	-	-	1,761.14	79.86	-	1,081.63
<b>Testing Equipments</b>							
Imported	5,152.39	-	-	5,152.39	281.87	-	3,219.60
Indigenous	2,112.95	1,519.14	-	3,632.09	93.95	-	1,363.31
Mould & Dies	56,379.64	2,565.00	-	58,944.64	4,337.57	-	36,437.31
Generator	4,805.88	-	-	4,805.88	74.32	-	4,518.96
Electrical Installation	19,942.31	-	-	19,942.31	707.93	-	17,144.27
Electrical Installation(Dormitory Unit)	58.93	-	-	58.93	0.02	-	55.99
Furniture & fixtures(Dormitory Units)	118.82	-	-	118.82	0.04	-	112.88
Furniture & fixtures	24,101.58	-	-	24,101.58	341.45	-	22,599.40
Office Equipment	4,502.72	319.82	-	4,822.55	230.31	-	3,873.31
Air Conditioners	6,104.39	495.45	-	6,599.84	207.72	-	5,635.90
Computer	5,410.48	209.77	-	5,620.25	317.83	-	4,921.99
Server	550.07	-	-	550.07	-	-	522.85
Vehicles	10,029.70	-	909.38	9,120.32	935.34	863.91	6,012.02
Material Handling Equip	6,397.38	360.30	-	6,757.68	284.26	-	4,827.70
Dormitory Units	6,047.27	37.55	-	6,084.82	94.56	-	1,245.38
Fire fighting Equipments	2,073.99	-	-	2,073.99	133.71	-	1,023.44
<b>Total (Property, Plant and Equipment)</b>	<b>6,17,208.26</b>	<b>5,672.03</b>	<b>909.38</b>	<b>6,21,970.91</b>	<b>15,292.05</b>	<b>863.91</b>	<b>2,36,293.38</b>
Software	5,977.20	-	-	5,977.20	111.48	-	5,574.70
<b>Total (Intangible)</b>	<b>5,977.20</b>	<b>-</b>	<b>-</b>	<b>5,977.20</b>	<b>111.48</b>	<b>-</b>	<b>5,574.70</b>
<b>Total (Property, Plant and Equipment and Intangible assets)</b>	<b>6,23,185.46</b>	<b>5,672.03</b>	<b>909.38</b>	<b>6,27,948.11</b>	<b>15,403.52</b>	<b>863.91</b>	<b>2,41,868.08</b>



## HGS (India) Limited &amp; its Subsidiary

Notes to consolidated financial statements for the year ended March 31, 2024

## 11. Non-current investments

(₹ in thousands)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non trade investments</b>		
Unquoted		
Investment in equity instruments (At cost)		
Investment in associates		
153 (P.Y.: 200) Equity Shares of HGS (India) Sales & Services Pvt Ltd of Rs 10/- each	1.53	2.00
<b>Total non current investments</b>	<b>1.53</b>	<b>2.00</b>

## 12. Loans and Advances

(₹ in thousands)

Particulars	Non - Current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>Capital Advances</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	254.52	254.52	-	-
	254.52	254.52	-	-
Less provision for bad and doubtful advances	254.52	254.52	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loan to Related Party (Refer note no. 31)</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	80,000.00	-
Doubtful	-	-	-	-
	-	-	80,000.00	-
Less provision for bad and doubtful advances	-	-	-	-
	-	-	80,000.00	-
<b>Advances recoverable in cash or kind</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	342.15	36.19
Doubtful	23.94	23.94	-	-
	23.94	23.94	342.15	36.19
Less provision for bad and doubtful advances	23.94	23.94	-	-
	-	-	342.15	36.19
<b>Other loans &amp; advances (Unsecured, considered good)</b>				
Advance to suppliers	-	-	2,720.44	3,528.04
Advance income tax (net of provision for income t	10,171.02	4,847.97	-	-
Other Receivables	-	-	476.99	477.85
Balance with Revenue Authorities	-	-	1,708.31	905.02
VAT/CST recoverable	-	-	-	-
GST recoverable	-	-	370.62	168.82
	10,171.02	4,847.97	5,276.36	5,079.74
<b>Total</b>	<b>10,171.02</b>	<b>4,847.97</b>	<b>85,618.51</b>	<b>5,115.92</b>



HGS (India) Limited & its Subsidiary

Notes to consolidated financial statements for the year ended March 31, 2024

13. Other Assets

( ₹ in thousands)

	Non - Current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Security deposits				
Secured, considered good	-	-	-	-
Unsecured, considered good	2,576.25	2,593.20	-	-
Doubtful	-	-	-	-
Prepaid expenses	-	-	2,686.81	2,334.76
	2,576.25	2,593.20	2,686.81	2,334.76
<b>Total</b>	<b>2,576.25</b>	<b>2,593.20</b>	<b>2,686.81</b>	<b>2,334.76</b>

14. Current investments

( ₹ in thousands)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non Trade - Unquoted (valued at cost unless stated otherwise)</b>		
NIL (2023: 4,315.8380) Units of HDFC Liquid Fund Regular Plan Growth (NAV ₹ NIL)	-	18,396.32
NIL (2023: 2,13,453.1850) Units of ICICI Prudential Equity Arbitrage Fund Dividend -DP (NAV ₹ NIL)	-	2,920.98
NIL (2023: 42,578.9230) Units of Kotak Equity Arbitrage Fund Regular Plan Monthly Dividend - DP (NAV ₹ NIL)	-	456.03
2,95,800.314 (2023: 83,126.3930 ) Units of Kotak Eq. Arbitrage Fund Regular Plan Growth (NAV ₹ 34.3045)	9,999.50	2,405.52
NIL (2023: 5,41,886.238) Units of ICICI Prudential Equity Arbitrage Fund Growth (NAV ₹ NIL)	-	14,444.78
2,27,126.838 (2022: 2,27,126.838) Units of UTI Arbitrage Fund Growth (Erstwhile UTI Spread Fund)) (NAV ₹ 32.0801)	6,184.08	6,184.08
14,68,571.013 (2023: 14,68,571.013) Bandhan CRISIL IBX Gift April 2028 Index Fund Regular Plan-Growth	16,000.00	16,000.00
14,63,350.588 (2023 : 14,63,350.588) Units of ICICI Prudential All Seasons Bond Fund Growth (NAV ₹ 33.3132)	44,997.75	44,997.75
5,88,625.2610 (2023: 4,99,308.4150) Units of SBI Arbitrage Opportunities Fund Regular Plan Growth (NAV ₹ 30.9886)	16,940.15	14,274.29
41,24,448.145 (2023: 41,24,448.145) Units of Tata Arbitrage Fund Regular Plan Growth (NAV ₹ 13.1819)	49,997.50	49,997.50
NIL (2023: 3,334.114) Units of Kotak Liquid Fund Regular Plan Growth (NAV ₹ NIL)	-	14,999.25
Alphamine Absolute Return Fund class A8 [2023: NAV ₹ 20,956.452 thousands]	20,000.00	-
<b>Total</b>	<b>1,64,118.98</b>	<b>1,85,076.50</b>
Less : Provision for Diminution in the value of Investments	-	-
<b>Total Current Investments</b>	<b>1,64,118.98</b>	<b>1,85,076.50</b>
<b>Net Assets Value</b>	<b>1,76,910.66</b>	<b>1,88,852.30</b>



## 15. Trade receivables

(₹ in thousands)

Particulars	Non - Current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Outstanding for period exceeding six months from the due date of payment				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
Less provision for bad and doubtful debts	-	-	-	-
Other receivables				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	14,435.33	32,142.86
Doubtful	-	-	-	-
Less provision for bad and doubtful debts	-	-	14,435.33	32,142.86
	-	-	14,435.33	32,142.86
<b>Total</b>	-	-	<b>14,435.33</b>	<b>32,142.86</b>

Ageing for trade receivables - current outstanding as at March 31, 2024 is as follows :

(₹ in thousands)

Particulars	Outstanding for following periods from due date of payments					As at 31.03.2024
	Less Than 6 Months	6 Months - 1 year	1-2 years	2- 3 years	More than 3 years	
Undisputed Trade receivables – considered good	14,435.33	-	-	-	-	14,435.33
Undisputed Trade receivables – considered doubtful	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-
Disputed Trade receivables – considered doubtful	-	-	-	-	-	-
Less: Provision for doubtful debts	-	-	-	-	-	-
<b>Total</b>	<b>14,435.33</b>	-	-	-	-	<b>14,435.33</b>

Ageing for trade receivables - current outstanding as at March 31, 2023 is as follows :

(₹ in thousands)

Particulars	Outstanding for following periods from due date of payments					As at 31.03.2023
	Less Than 6 Months	6 Months - 1 year	1-2 years	2- 3 years	More than 3 years	
Undisputed Trade receivables – considered good	32,142.86	-	-	-	-	32,142.86
Undisputed Trade receivables – considered doubtful	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-
Disputed Trade receivables – considered doubtful	-	-	-	-	-	-
Less: Provision for doubtful debts	-	-	-	-	-	-
<b>Total</b>	<b>32,142.86</b>	-	-	-	-	<b>32,142.86</b>



HGS (India) Limited & its Subsidiary

Notes to consolidated financial statements for the year ended March 31, 2024

16. Inventories\*

( ₹ in thousands)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Materials and components	1,93,652.56	1,90,899.31
Traded Goods	5,298.13	3,669.16
Finished goods	-	-
Intermediate Goods	1,80,222.91	2,22,365.48
Work in Progress	39,016.85	47,560.15
Store, Spares, Consumables and Packing material	5,597.85	6,285.03
Material in transit	-	1,959.93
<b>Total</b>	<b>4,23,788.30</b>	<b>4,72,739.06</b>

\*All inventories are valued at lower of cost and net realizable value.

17. Cash and bank balances

( ₹ in thousands)

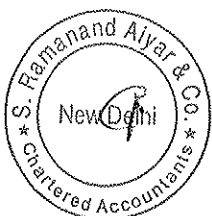
Particulars	Current As at March 31, 2024	Current As at March 31, 2023
<b>Cash and cash equivalents</b>		
<b>Balances with banks:</b>		
In current accounts	21,475.46	42,644.10
In cash credit accounts**	720.85	262.09
In dividend accounts ***	6,172.65	53.09
Cash in hand	10.15	307.50
	<b>28,379.11</b>	<b>43,266.78</b>
<b>Other bank balances</b>		
Fixed Deposit having original maturity in excess of 3 months		
- Bank Deposit with less than 12 months maturity	19,431.30	10,981.77
	<b>19,431.30</b>	<b>10,981.77</b>
<b>Total</b>	<b>47,810.40</b>	<b>54,248.55</b>

\* Secured against:

- Hypothecation of Stock of Raw Material/ Work in Progress/ Finished Goods and Receivables of the Company,
- Factory land and building situated at 37-38, Udyog Vihar, Phase IV, HSIDC 2 Industrial Area, Gurugram Haryana standing in the name of the company, and
- Factory land and building situated at Plot No. 158, Sector 4, IMT Manesar Gurugram, standing in the name of the company.

\*\* This balance has been kept to maintain minimum balance.

\*\*\* Deposits Account includes deposits of ₹ 18,245.26 thousands (previous year ₹ 8,468.36 thousand) pledged as security with banks for guarantees given by the bank on behalf of the Company.



HGS (India) Limited and its Subsidiary

Notes to consolidated financial statement for the year ended on March 31, 2024

18. Revenue from operations

( ₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Sale of products		
Finished goods	3,51,326.27	2,87,306.91
Sale of services	1,016.40	5,529.00
Other operating revenue		
Scrap sales	116.23	239.71
Revenue from operations	3,52,458.90	2,93,075.62

Details of products sold

Finished goods

Geophone, Strings, Harnesses, coils and Geophone Elements	1,65,286.84	86,154.68
Cable	77,032.69	81,932.87
Connectors	5,276.15	16,578.84
Data Acquisition System	5,083.79	5,293.50
Seismograph	7,410.72	3,135.70
Others	91,236.08	94,211.32
Coil and Geophone Elements	-	-
	3,51,326.27	2,87,306.91



HGS (India) Limited and its Subsidiary

Notes to consolidated financial statement for the year ended on March 31, 2024

19. Other income

( ₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Interest Income		
Fixed deposits	865.46	671.86
Income Tax Refund	-	360.61
Others	411.10	15,094.65
Consultancy and Management Fee	1,592.82	1,525.74
Dividend Income	81.64	168.79
Net gain/loss on sale of investments	4,730.66	1,543.55
Incentive Scrips (License) Sold	-	1,456.98
Rent received	11,236.29	8,392.71
Provisions/Credit balances/Liabilities written back	861.85	2,775.88
Provisions for Leave Encashment written back	-	4,494.06
Provision written back for Warranty expenses	-	2,126.08
Profit on sale of fixed assets (net)	-	126.65
Miscellaneous income	250.49	114.01
Exchange rate fluctuation(net)	2,111.67	1,634.38
Recharged Shipping Cost	2,502.57	3,244.35
	24,644.55	43,730.31

20. Purchase of Traded Goods

( ₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Purchase of traded inventory during the year	503.12	113.19
	503.12	113.19
Details of traded goods purchased		
Geophones, Strings, Coils and Components	503.12	113.19
	503.12	113.19



HGS (India) Limited and its Subsidiary

Notes to consolidated financial statement for the year ended on March 31, 2024

21. Cost of raw materials consumed

( ₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Inventory opening balance	1,90,879.30	2,03,399.80
Add : Purchases	63,105.35	38,782.80
	2,53,984.65	2,42,182.60
Less : Inventory closing balance**	1,93,636.69	1,90,879.30
Cost of raw materials consumed	60,347.97	51,303.29
Decrease/(Increase) in scrap (a)*	-	-
	60,347.97	51,303.29
<b>Store, Spares, Consumables and Packing material consumed</b>		
Opening Balance	6,305.03	6,440.66
Add: Purchases during the year of Packing material	1,572.79	1,195.92
Consumables and spares	2,438.28	3,123.82
Less: Closing Balance (b)	5,613.73	6,305.03
	4,702.37	4,455.37
<b>(a)+(b)</b>	65,050.34	55,758.66
<b>Details of raw materials and components consumed*</b>		
Cables	7,453.32	7,799.98
Electronic Parts	14,669.24	12,728.07
Metal Parts	19,828.28	13,052.77
Plastic Powder & Parts	7,649.93	6,313.53
Rubber Parts	406.81	848.32
Geophone Strings, Harnesses, Coils, Parts and elements	10,340.39	10,560.62
	60,347.97	51,303.30
<b>Details of inventory</b>		
<b>Raw materials and components inventory</b>		
Cables	48,947.45	50,357.79
Electronic Parts	19,947.19	15,328.54
Metal Parts	41,052.11	41,648.51
Plastic Powder & Parts	30,764.72	37,041.22
Rubber Parts	2,048.46	2,249.97
Parts of Geophone	50,876.75	44,253.27
	1,93,636.68	1,90,879.30



## HGS (India) Limited and its Subsidiary

Notes to consolidated financial statement for the year ended on March 31, 2024

## 22. Changes in inventories

(₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Inventory opening balance		
Finished goods - Manufactured	-	-
Traded	3,669.16	2,103.41
Work in progress	47,560.15	45,853.19
Intermediate goods	2,22,365.48	2,25,837.93
	2,73,594.79	2,73,794.52
Inventory closing balance		
Finished goods - Manufactured	-	-
Traded	5,298.13	3,669.16
Work in progress	39,016.85	47,560.15
Intermediate goods	1,80,222.91	2,22,365.48
	2,24,537.89	2,73,594.79
(Increase)/Decrease in inventories	49,056.90	199.73
<b>Details of inventory</b>		
<b>Intermediate goods</b>		
Geophone Strings	434.20	850.16
Cable	4,340.90	1,267.88
Connector	1,466.23	1,309.57
Parts & Accessories of Geophysical Instruments	1,73,981.57	2,18,937.87
	1,80,222.90	2,22,365.48
<b>Work-in-progress</b>		
Work-in-progress	39,016.85	47,560.15
	39,016.85	47,560.15
<b>Traded Goods</b>		
Geophones, Strings and Components	5,298.13	3,669.16
	5,298.13	3,669.16
<b>Finished goods</b>		
Geophone Strings	-	-
	-	-



HGS (India) Limited and its Subsidiary

Notes to consolidated financial statement for the year ended on March 31, 2024

23. Employee benefits expense

( ₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Salaries and wages	1,08,768.03	1,25,891.57
Social Security Cost	3,320.42	2,313.36
Pension Cost	3,896.49	2,980.91
Leave encashment	874.99	-
Contribution to provident and other funds	6,433.19	7,933.38
Director's Commission	513.87	493.05
Bonus & Ex Gratia	7,313.81	7,260.71
Gratuity	-	10,774.04
Staff welfare expense	1,336.46	1,544.24
Recruitment and training	12.10	224.89
Voluntary Retirement Scheme	11,101.09	-
	1,43,570.45	1,59,416.15



## HGS (India) Limited and its Subsidiary

Notes to consolidated financial statement for the year ended on March 31, 2024

## 24. Other expenses

(₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Electricity Power and fuel	5,724.85	6,900.39
Freight and cartage inward	104.17	75.37
Water charges	38.05	36.49
Job and fabrication charges	4,062.89	3,846.12
Communication costs	1,010.70	1,047.74
Rates and taxes	1,268.02	265.60
Insurance	1,325.70	2,115.65
<b>Repairs and maintenance</b>		
Repairs and maintenance-Plant and machinery	453.94	694.82
Repairs and maintenance-Buildings	597.32	1,504.85
Repairs and maintenance-Others	4,826.28	5,267.71
Vehicle running & maintenance	2,362.14	2,458.80
Auditors' remuneration (refer details below)	615.75	622.41
Advertising and sales promotion	1,516.57	1,761.92
Contractual labour charges	297.92	245.98
Books & periodicals	14.73	56.51
Rent	1,647.54	1,522.71
Travelling and conveyance	4,038.09	4,003.84
Printing and stationery	355.57	421.03
Legal and professional fees	10,612.19	5,489.02
Fees & subscriptions	517.66	352.57
Tender Fees	2.50	207.35
Entertainment	337.72	606.99
Testing fees	190.48	17.30
Freight and forwarding charges	10,958.27	12,949.55
Discount Granted	187.37	429.74
Miscellaneous expenses	418.80	272.43
Debit balances written off	33.65	53.84
Bank charges	1,154.40	835.62
Loss on sale of fixed assets (net)	838.55	-
Warranty expenses	730.01	-
ICT Expenses	561.88	534.90
Sitting fees	240.00	190.00
CSR Expenses	-	1,175.00
Tooling Costs	295.00	-
Foreign Exchange Fluctuation	-	1,677.22
	<b>57,338.67</b>	<b>57,639.47</b>



HGS (India) Limited and its Subsidiary

Notes to consolidated financial statement for the year ended on March 31, 2024

Auditors' remuneration

As auditor

Audit fee	300.63	300.63
Tax audit fee	118.75	113.75
Transfer Pricing Audit	100.75	100.75
Other Matters	40.63	50.63
Audit fee of Subsidiary Company	45.00	45.00
Auditor's Reimbursement	10.00	16.66
	<u>615.75</u>	<u>627.41</u>

25. Finance costs

( ₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Interest	-	0.33
	<u>-</u>	<u>0.33</u>

26. Earnings per share

( ₹ in thousands)

Particulars	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Profit after tax	39,977	36,669
Net profit for calculation of basic EPS	39,977	36,669
Net profit for calculation of diluted EPS	<u>39,977</u>	<u>36,669</u>
Total number of equity shares in calculating basic EPS (Weighted Average in previous year)	94,80,800	94,80,800
Weighted average number of equity shares in calculating diluted EPS	94,80,800	94,80,800
	<u>94,80,800</u>	<u>94,80,800</u>
Basic earnings per share	4.22	3.87
Diluted earnings per share	<u>4.22</u>	<u>3.87</u>



## HGS (INDIA) LIMITED

Notes to consolidated financial statement for the year ended March 31, 2024

## 27. Segment Reporting

(A) Management has identified following reportable geographical segments, namely:

## (i) Business in India

The primary reporting of the Company has been performed on the basis of business segment. The Company is engaged in the business of manufacturing Geophone strings, Cables and Connectors.

## (ii) Overseas Business namely Business in "The Netherlands" through its Subsidiary

The activities of Company's Subsidiaries in The Netherlands falls within a single primary business segment as "Trading of Geophysical Equipments". None of the other business is reportable under this.

## (B) Information about Geographical Segments:

(₹ in thousands)

Particulars	For the year ended on March 31, 2024			For the year ended on March 31, 2023		
	Business in India	Overseas Business	Total	Business in India	Overseas Business	Total
<b>Segment Revenue</b>						
Sale of products:						
- External Sales	2,65,424.72	86,017.77	3,51,442.49	1,84,215.44	1,03,331.18	2,87,546.62
- Inter-Segment Sales	48,165.61	4,356.72	52,522.33	61,988.95	4,973.99	66,962.94
- Income from Services	1,016.40	-	1,016.40	5,529.01	-	5,529.01
	3,14,606.73	90,374.49	4,04,981.22	2,51,733.40	1,08,305.17	3,60,038.56
Inter - Segment Transfers	(48,165.61)	(4,356.72)	(52,522.33)	(61,988.95)	(4,973.99)	(66,962.94)
<b>Net Turnover</b>	<b>2,66,441.12</b>	<b>86,017.77</b>	<b>3,52,458.89</b>	<b>1,89,744.45</b>	<b>1,03,331.18</b>	<b>2,93,075.62</b>
Other Income	21,581.64	3,062.92	24,644.56	40,485.95	3,244.35	43,730.31
Less: Inter-Segment	-	-	-	-	-	-
<b>Other Income</b>	<b>21,581.64</b>	<b>3,062.92</b>	<b>24,644.56</b>	<b>40,485.95</b>	<b>3,244.35</b>	<b>43,730.31</b>
<b>Net revenue from operations</b>	<b>2,88,022.76</b>	<b>89,080.69</b>	<b>3,77,103.45</b>	<b>2,30,230.40</b>	<b>1,06,575.53</b>	<b>3,36,805.93</b>
<b>Segment Result before interest, Prior Period Items &amp; taxes</b>	<b>47,355.67</b>	<b>(557.82)</b>	<b>46,797.86</b>	<b>44,009.04</b>	<b>4,265.84</b>	<b>48,274.88</b>
Interest on Overdraft	-	-	-	-	-	-
<b>Segment Result before Prior Period Items &amp; taxes</b>	<b>47,355.67</b>	<b>(557.82)</b>	<b>46,797.86</b>	<b>44,009.04</b>	<b>4,265.84</b>	<b>48,274.88</b>
Prior Period Expense	-	-	-	-	-	-
<b>Segment Result before taxes</b>	<b>47,355.67</b>	<b>(557.82)</b>	<b>46,797.86</b>	<b>44,009.04</b>	<b>4,265.84</b>	<b>48,274.88</b>
Provision for Tax	6,363.00	-	6,363.00	7,350.00	609.33	7,959.33
MAT Credit Entitlement	-	-	-	-	-	-
Tax Paid for Earlier Years	883.08	-	883.08	934.48	-	934.48
Deferred Tax Expense	(425.51)	-	(425.51)	2,711.69	-	2,711.69
<b>Profit After Taxes</b>	<b>40,535.11</b>	<b>(557.82)</b>	<b>39,977.29</b>	<b>33,012.87</b>	<b>3,656.52</b>	<b>36,669.39</b>
<b>Segment Assets</b>	<b>11,15,396.90</b>	<b>21,510.86</b>	<b>11,36,907.76</b>	<b>11,23,554.80</b>	<b>21,626.04</b>	<b>11,45,180.85</b>
<b>Segment Liabilities</b>	<b>85,198.32</b>	<b>2,163.93</b>	<b>87,362.25</b>	<b>98,029.08</b>	<b>2,772.94</b>	<b>1,00,802.02</b>
<b>Capital Expenditure during the year</b>	<b>15,382.35</b>	<b>671.45</b>	<b>16,053.80</b>	<b>4,046.59</b>	<b>1,625.44</b>	<b>5,672.03</b>
<b>Depreciation/Amortization during the year</b>	<b>14,629.39</b>	<b>156.73</b>	<b>14,786.12</b>	<b>15,292.58</b>	<b>110.94</b>	<b>15,403.52</b>



## 28. Disclosures pursuant to Accounting Standard 15 on employee retirement benefits

( ₹ in thousands)

Particulars	Gratuity (Funded)		Compensated Absences Earned Leave (Unfunded)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>1. Expenses recognised in profit and loss account</b>				
Current service cost	2,737.93	3,838.41	1,609.48	2,180.79
Past service cost	-	-	-	-
Interest cost	3,721.23	3,775.91	1,975.58	2,361.17
Expected return on plan assets	(1,837.72)	(2,263.80)	-	-
Net actuarial(gain)/loss recognised in the year	(5,138.24)	5,423.52	(2,710.07)	(9,036.02)
Recognised in earlier year				
<b>Total expenses</b>	<b>(516.80)</b>	<b>10,774.04</b>	<b>874.99</b>	<b>(4,494.06)</b>
<b>2. Net asset/(liability) recognised as at the end of the year</b>				
Present value of defined benefit obligation	38,056.33	50,423.17	20,098.23	26,769.39
Fair value of plan assets	25,090.36	26,215.68	-	-
Funded status [surplus/(deficit)]	(12,965.97)	(24,207.49)	(20,098.23)	(26,769.39)
<b>Net asset/(liability) as at the end of the year</b>	<b>(12,965.97)</b>	<b>(24,207.49)</b>	<b>(20,098.23)</b>	<b>(26,769.39)</b>
<b>3. Change in the present value of obligation during the year</b>				
Present value of obligation as at the beginning of the year	50,423.17	52,297.97	26,769.39	32,703.23
Interest cost	3,721.23	3,775.91	1,975.58	2,361.17
Past service cost	-	-	-	-
Current service cost	2,737.94	3,838.41	1,609.48	2,180.79
Benefits paid	(13,906.97)	(14,752.29)	(7,546.15)	(1,439.78)
Actuarial (gains)/losses on obligation	(4,919.04)	5,263.17	(2,710.07)	(9,036.02)
Acquisition Adjustment	-	-	-	-
<b>Present value of obligation as at the end of the year</b>	<b>38,056.33</b>	<b>50,423.17</b>	<b>20,098.23</b>	<b>26,769.39</b>
<b>4. Changes in fair value of plan assets representing reconciliation of the opening and closing balances thereof as follows:</b>				
Fair value of plan assets as at the beginning of the year	26,215.68	33,291.17	-	-
Difference in Opening Fund	-	-	-	-
Expected return on plan assets	1,837.72	2,263.80	-	-
Actuarial (gains)/losses	219.20	(160.35)	-	-
Contributions by the employer	10,724.73	5,573.35	-	-
Mortality charges	-	-	-	-
Benefits paid	(13,906.97)	(14,752.29)	-	-
<b>Fair value of plan assets as at the end of the year</b>	<b>25,090.36</b>	<b>26,215.68</b>	<b>-</b>	<b>-</b>

Note: The estimate of future salary increase considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.



HGS (INDIA) LIMITED

Notes to consolidated financial statements for the year ended March 31, 2024

29. The Company has entered into foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments and highly probable forecast transactions. The outstanding forward exchange contracts entered against the same and other future probable commitments and the foreign currency exposures as at 31st March, 2024 are as follows :

(a) Forward exchange contracts

Particulars	As at March 31, 2024		As at March 31, 2023	
	Foreign Currency (₹ in thousands)		Foreign Currency (₹ in thousands)	
Forward Exchange Contracts outstanding				
USD	-	-	2,00,000	16,384.00

(b) Foreign currency exposures

Particulars	As at March 31, 2024		As at March 31, 2023	
	Foreign Currency (₹ in thousands)		Foreign Currency (₹ in thousands)	
<b>Import trade payables</b>				
USD	1,831	152.60	8,696	714.96
EURO	5,778	516.79	2,110	189.10
<b>Advances to suppliers</b>				
USD	24,323	2,027.57	39,772	3,269.91
EURO	2,788	249.40	688	61.67
<b>Export trade receivables</b>				
USD	30,525	2,544.52	6,659	547.51
EUR	25,900	2,316.68	71,330	6,391.71
<b>Advances from Customers</b>				
USD	507	42.26	5,076	417.33
EUR	-	-	84	7.53
<b>Bank Balance in EEFC Accounts</b>				
USD Account	95,831	7,989.77	1,40,911	11,585.29
EURO Account	-	-	4,449	398.64

(c) The Company has made provision on losses of forward Contract amounting to Rs Nil ( Previous Year:- Nil) based on indicative rates of foreign exchange obtained by the Company from Bank.



HGS (INDIA) LIMITED

Notes to consolidated financial statements for the year ended March 31, 2024

30. Related party disclosures

Particulars	Name of Party/ Person			
<b>Names of related parties where control exists:</b>				
Related Company	Sowar Private Limited			
[Common Directorship & holding more than 20% shares in HGS (INDIA) LIMITED]				
<b>Key Managerial Personnel (KMP)</b>				
Managing Director & CFO	Mr. Anil Dass			
Director (Whole Time)	Mr. Samir Gugnani			
Director	Major Bijendra Singh (Retd.)			
Independent Director	Ms. Malti Sen			
Independent Director	Mr. Anant Narain Bhatia			
<b>Relative of Key Managerial Personnel (KMP)</b>				
Analyst-Business Development	Mr. Karanjeet Dass			
<b>Names of other related parties with whom transactions have taken place during the year/period:</b>				
Common Directorship	HGS (India) Sales and Services Pvt Ltd			
<i>( ₹ in thousands)</i>				
<b>Disclosure of related party transactions</b>				
Particulars	Associates/Subsidiary		Key management personnel	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Transactions</b>				
<b>Loan to Related Party</b>				
Sowar Private Limited	95,000.00	-	-	-
<b>Repayment of loan by Related Party</b>				
Sowar Private Limited	15,000.00	-	-	-
<b>Remuneration (excluding reimbursements)</b>				
Mr. Anil Dass				
Salary	-	-	9,219.87	10,835.00
Gratuity Paid	-	-	-	11,623.50
Commission	-	-	513.87	493.05
Mr. Samir Gugnani - Salary	-	-	-	4,285.20
Mr. Karanjeet Dass- Salary	-	-	498.00	1,634.00
<b>Professional Charges</b>				
Mr. Samir Gugnani	-	-	4,140.00	-
<b>Administration fee</b>				
Sowar Private Limited	813.36	769.20	-	-
<b>Director's Sitting Fee</b>				
Mr. Anand Narain Bhatia	-	-	75.00	65.00
Ms. Malti Sen	-	-	75.00	80.00
Mr. Brijendra Singh	-	-	45.00	45.00
Mr Samir Gugnani	-	-	45.00	-
<b>Balance outstanding</b>				
<b>Trade Receivables</b>				
Sowar Private Limited	91.53	187.36	-	-
<b>Trade Payables</b>				
Mr. Samir Gugnani	-	-	372.60	-
<b>Payables to Employees</b>				
Mr. Anil Dass (Commission)	-	-	513.87	493.05
Mr. Samir Gugnani - Ex-Gratia	-	-	-	116.00
Mr. Karanjeet Dass - Exgratia	-	-	13.18	53.00
<b>Investments</b>				
HGS India Sales and Services Pvt Ltd	1.53	2.00	-	-



HGS (INDIA) LIMITED

Notes to consolidated financial statements for the year ended March 31, 2024

31. Value of current assets loans and advances

As per the requirements of schedule III of the Companies Act, 2013, the Board of Directors have considered the values of all assets of the Company except fixed Assets and non-current investments and have come to a conclusion that these have value on realisations in the ordinary course of business, which is not less than the value at which they are stated in the Balance Sheet.

32. Corporate Social Responsibility Expenditure

( ₹ in thousands)

Particulars	Year ended	Year ended
	March 31, 2024	March 31, 2023
Amount Required to be spent by the company during the year	-	-
Amount unspent as on 31.03.2022	-	1,175.00
Amount of expenditure incurred on:		
(i) Construction/acquisition of any asset	-	-
(ii) on purpose other than (i) above	-	1,175.00
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall	-	-
Nature of CSR activities	Disaster relief, health, covid pandemic, women empowerment, revival of employment skills	

33. Additional information, as required under Schedule III to the Companies Act, 2013, in respect of enterprises consolidated.

Name of Enterprise	Net Assets i.e. total assets minus total liabilities			
	March 31, 2024		March 31, 2023	
	As % of consolidated net assets	(₹ in thousands)	As % of consolidated net assets	(₹ in thousands)
<b>Parent</b>				
HGS (India) Limited	98.16	10,30,198.58	98.19	10,25,525.72
<b>Subsidiary-Foreign</b>				
HGS Products B.V	1.84	19,346.93	1.81	18,853.11
<b>Total</b>	<b>100.00</b>	<b>10,49,545.51</b>	<b>100.00</b>	<b>10,44,378.83</b>

Name of Enterprise	Share in Profit or loss			
	March 31, 2024		March 31, 2023	
	As % of consolidated profit or loss	(₹ in thousands)	As % of consolidated profit or loss	(₹ in thousands)
<b>Parent</b>				
HGS (India) Limited	101.40	40,535.11	90.03	33,012.87
<b>Subsidiary-Foreign</b>				
HGS Products B.V	(1.40)	(557.82)	9.97	3,656.52
<b>Total</b>	<b>100.00</b>	<b>39,977.29</b>	<b>100.00</b>	<b>36,669.39</b>



## 34. Ratio

Ratio	Numerator	Denominator	Year ended March 31, 2024	Year ended March 31, 2023	% Change	Reason
Current Ratio (in times)	Current Assets	Current Liabilities	16.88	18.00	-6%	
Debt Equity Ratio (in times)	Debt	Equity	NA	NA	NA	
Debt Service Coverage Ratio (in times)	EBIDTA	Interest + Principal	NA	NA	NA	
Return on Equity Ratio (in %)	Net Income	Shareholders Funds	3.81%	3.51%	8%	
Inventory Turnover Ratio	Cost of Revenue from Operation	Average Inventory	0.74	0.60	22%	
Trade Receivable Turnover Ratio (in times)	Net Credit Revenue from Operation	Average Trade Receivable	15.13	3.45	339%	Rise in revenue from operations in relation to decline in trade receivables.
Trade Payable Turnover Ratio (in times)	Net Credit Purchases	Average Trade Payable	23.70	2.02	1074%	Increase in purchase in relation to decline in trade payables.
Net Capital Turnover Ratio (in times)	Sales	Shareholders Funds	0.32	0.27	21%	
Net Profit Ratio (in %)	Net Profit	Net Sales	11.34%	12.51%	-9%	
Return on Capital Employed (in %)	EBIT	Capital Employed	4.46%	4.62%	-4%	

## 35. Additional Regulatory Information

## PART 1 - Balance Sheet

## (i) Title deeds of Immovable Property not held in name of the Company

There is no immovable property whose title deeds are not held in the name of the company.

## (ii) Company has revalued its Property, Plant and Equipment, the company shall disclose as to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017

The company has not revalued its Property, Plant and Equipment during the financial year 2023-2024

## (iii) Whether the company has provided any such loans or advances to the promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand or  
(b) without specifying any terms or period of repayment

The Company has not provided any such loans or advances to the promoters, directors, KMPs and the related parties during the year.

## (iv) Capital-Work-in Progress (CWIP)

The Company has no Capital-Work-in Progress (CWIP) except in respect of testing equipment amounting ₹ 456.18 thousand

## (v) Intangible assets under development

The Company has no Intangible assets under development.

## (vi) Benami Property

There is no Benami Property being held by the Company and no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

## (vii) Where the Company has borrowings from banks or financial institutions on the basis of security of current assets, it shall disclose the following

The Company has Working Capital Limit with the Canara Bank against the Hypotecation of stock and trade receivables. Also the Company has Working Capital Limit with the Kotak mahindra bank on the basis of security of FD.

## (a) whether quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

Yes, statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

## (b) if not, summary of reconciliation and reasons of material discrepancies, if any to be adequately disclosed.

Not Applicable



(viii) Willful Defaulter

No, The company is a not declared willful defaulter by any bank or financial Institution or other lender.

(ix) Relationship with Struck off Companies

The company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act 1956.

(x) Registration of charges or satisfaction with Registrar of Companies

No charges or satisfaction yet to be registered by the company, with Registrar of Companies beyond the statutory period.

(xi) Compliance with number of layers of companies

Where the company has not complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

Not Applicable

(xi) Ratios

Refer the note no: 34

(xiii) Compliance with approved Scheme(s) of Arrangements

Not Applicable

(xiv) Utilisation of Borrowed funds and share premium:

Not Applicable

PART 2 - Statement of Profit and Loss

(ix) Undisclosed income

There is no transaction that the Company has not recorded in the books of accounts but which 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),

(x) Corporate Social Responsibility (CSR)

Refer note no. 32

(xi) Details of Crypto Currency or Virtual Currency :

The Company has neither traded nor invested in Crypto currency or Virtual Currency during the financial year 2022-23.



**HGS (INDIA) LIMITED**

**Notes to consolidated financial statements for the year ended March 31, 2024**

36. The Company's business consists of manufacture and sale of accessories of data acquisition system .The entire operations are governed by the same set of risks and returns hence have been considered as representing a single segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting standard on Segment reporting AS -17.

37. Previous year's figures have been regrouped where ever considered necessary.

As per our Report of even date attached  
For S. Ramanand Aiyar & Co.  
Chartered Accountants  
Firm Registration No. 000990N

For & on behalf of Board of Directors



Anil Dass  
Managing Director & CFO  
DIN: 00043366



Samir Gugnani  
Director  
DIN: 03518423

R. Balasubramanian  
Partner  
Membership No.: 080432

Place: New Delhi  
Date: 17.07.2024

