



Danlaw Technologies India Limited

CIN: L72200TG1992PLC015099

Regd. Off: Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034,  
Telangana, India

Tel : 040-23542499 Fax : 040-23541671

Email: [compliance\\_officer@danlawinc.com](mailto:compliance_officer@danlawinc.com); ,

Website: [www.danlawtechnologies.com](http://www.danlawtechnologies.com),

<b>HON'BLE NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING OF EQUITY SHAREHOLDERS OF DANLAW TECHNOLOGIES INDIA LIMITED</b>	
<b>DAY</b>	<b>Saturday</b>
<b>DATE</b>	<b>September 18, 2021</b>
<b>TIME</b>	<b>12:30 PM (IST)</b>
<b>MODE OF MEETING</b>	<b>In view of the ongoing COVID-19 pandemic and related social distancing norms, as per the directions of the Hon'ble National Company Law Tribunal, Hyderabad Bench, the meeting shall be conducted through video conferencing (VC) / Other Audio-Visual Means (OAVM).</b>
<b>CUT-OFF DATE FOR E-VOTING</b>	<b>11<sup>th</sup> day of September, 2021</b>
<b>REMOTE E-VOTING START DATE AND TIME</b>	<b>15<sup>th</sup> day of September, 2021 at 09:00 AM</b>
<b>REMOTE E-VOTING END DATE AND TIME</b>	<b>17<sup>th</sup> day of September, 2021 at 05:00 PM</b>



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**NOTICE OF THE TRIBUNAL CONVENED MEETING OF EQUITY SHAREHOLDERS OF DANLAW TECHNOLOGIES INDIA LIMITED / APPLICANT / TRANSFEREE COMPANY AS PER THE DIRECTIONS OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH**

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**\*Financials are audited but are yet to be adopted by the shareholders at the AGM.**

**The Notice of the Meeting, Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the CAA Rules and Annexure I to Annexure XI constitute a single and complete set of documents and should be read together as they form an integral part of this document.**

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL  
BENCH AT HYDERABAD  
C.A. (CAA) NO. 34/230/HDB/2021  
IN THE MATTER OF COMPANIES ACT, 2013 (18 OF 2013)  
IN THE MATTER OF SECTIONS 230 TO 232 AND ALL OTHER APPLICABLE PROVISIONS OF  
THE OF THE COMPANIES ACT, 2013  
AND  
SCHEME OF AMALGAMATION  
UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013  
BETWEEN  
DANLAW TECHNOLOGIES INDIA LIMITED  
(TRANSFEEE COMPANY)  
AND  
DANLAW ELECTRONICS ASSEMBLY LIMITED  
(TRANSFEROR COMPANY)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**Danlaw Technologies India Limited**, a Company incorporated under the Companies Act, 1956, bearing CIN: L72200TG1992PLC015099 and having its registered office at Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, Telangana, India.

....**Applicant /Transferee Company**

**NOTICE OF THE TRIBUNAL CONVENED MEETING OF EQUITY SHAREHOLDERS OF DANLAW TECHNOLOGIES INDIA LIMITED / APPLICANT / TRANSFEEE COMPANY AS PER THE DIRECTIONS OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH**

To

**The Equity Shareholders of**

**Danlaw Technologies India Limited**

**("The Company" or "Applicant Company" or Transferee Company")**

Notice is hereby given that by an order dated Thursday, 29<sup>th</sup> July 2021 read with corrigendum Order dated 05<sup>th</sup> August, 2021, the Hyderabad Bench of the Hon'ble National Company Law Tribunal, at Hyderabad has directed a meeting to be held of Equity Shareholders of Danlaw Technologies India Limited for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors, by passing the following Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications, amendments, re-enactments thereof for the time being in force, relevant rules of the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 and the provisions of the Memorandum and Articles of Association of the Company and subject to the requisite



approvals, sanctions, consents, observations, no objections, confirmations, permissions from the Hon'ble National Company Law Tribunal, Hyderabad Bench, (NCLT) or such other competent authority as may be applicable, and the confirmation, permission, sanction and approval of the other statutory/regulatory authorities, if any, in this regard and subject to such other conditions or guidelines, if any, as may be prescribed or stipulated by any such authorities, from time to time, while granting such approvals, sanctions, consents, observations, no objections, confirmations, permissions and which may be agreed by the Board of Directors of the Company, the draft "Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors" ("Scheme"), providing for amalgamation of the Danlaw Electronics Assembly Limited with the Company on a going concern basis with effect from 01.04.2020 (First Day of April, Two Thousand and Twenty) being the Appointed Date, as placed before the meeting and initialed by the chairperson for the purpose of identification, be and is hereby approved."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized, empowered and directed to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to aforesaid resolution and to effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble National Company Law Tribunal, Hyderabad Bench, while sanctioning the amalgamation embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as may be deemed fit and proper".

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of Equity Shareholders of Danlaw Technologies India Limited will be held through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") on Saturday, 18<sup>th</sup> September, 2021 at 12:30 P.M. (IST). For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by Equity Shareholders using remote e-voting as well as the e-voting system on the date of the Meeting will be provided by (NSDL). The instructions for electronic voting are detailed in this Notice.

Members entitled to attend and vote at the meeting, may vote through E-Voting by person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.

The Equity Shareholders are required to cast their vote by recording their assent or dissent on the electronic voting portal of NSDL.

A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, i.e., 11<sup>th</sup> day of September 2021, only shall be entitled to exercise his/her/its voting rights on the resolution proposed in the Notice and attend the Meeting. A person, who is not an equity shareholder as on the cut-off date, should treat the Notice for information purpose only.

A copy of the said Scheme, statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("CAA Rules") along with all annexures to such statement and Certificate issued by the statutory auditors of the Transferee Company confirming the Accounting Treatment proposed in the Scheme are enclosed herewith. A copy of this Notice and the accompanying documents would be sent by electronic mode to those Equity Shareholders whose e-mail addresses are registered with the Company, unless the Equity Shareholders have requested for a physical copy of the same, and physically dispatched to those Equity Shareholders who have not provided their e-mail addresses to the Company.

A copy of this Notice and the accompanying documents shall also be placed on the website of the Company, i.e., [www.danlawtechnologies.com](http://www.danlawtechnologies.com), ; the website of NSDL (agency for providing the e-voting and other facilities for convening of the Meeting, i.e., [www.evoting.nsdl.co.in](http://www.evoting.nsdl.co.in).

The Tribunal has appointed Mr. Sachin Sharma, Advocate, (Mobile No. +91-98487-65475) to be the Chairperson for the Meeting and in respect of any adjournment thereof and Ms. Sumathi G, Advocate, (Mobile No. +91 96034-77388) to be the Scrutinizer for the Meeting.

The Voting result of the meeting shall be announced by the Chairperson upon receipt of Scrutinizer's report within 48 (forty eight) hours from the conclusion of this meeting and the same shall be displayed on the website of the Company, i.e., [www.danlawtechnologies.com](http://www.danlawtechnologies.com), ; and also on the website of NSDL, i.e., [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

The above mentioned Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors ("Scheme"), if approved at the meeting, will be subject to such other approvals, permissions and sanctions of regulatory or other authorities, as may be necessary and the subsequent approval of the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad.

**Sd/-**  
**Sachin Sharma**  
**Advocate**  
**Chairperson**  
**Tribunal Convened**  
**Meeting of Equity Shareholders of**  
**Danlaw Technologies India Limited**

**Date: 16<sup>th</sup> August, 2021**

**Place: Hyderabad**

**Notes:**

1. Pursuant to the directions of the Hon'ble National Company Law Tribunal, Hyderabad Bench vide its Order dated 29<sup>th</sup> July 2021 read with corrigendum order dated 05<sup>th</sup> August 2021, ("Tribunal"), the Meeting of the Equity Shareholders of the Company is being conducted through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") facility to transact the business set out in the Notice convening this Meeting. As such, physical attendance of Equity Shareholders has been dispensed with and hence the Attendance Slip is not annexed hereto.
2. The Explanatory Statement pursuant to Sections 230 and 232 read with Section 102 and other applicable provisions of the Companies Act, 2013 ("Act") and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in respect of the business set out in the Notice of the Meeting is annexed hereto..
3. Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under 113 of the Companies Act, 2013) at meeting. The Authorised Representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the meeting provided a certified true copy of the resolution of the Board of Directors under Section 113 of the Companies Act, 2013 or other governing body of such body corporate authorizing such representative to attend and vote at the meeting is deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.
4. Foreign Institutional Investors (FIIs) who are registered Equity Shareholder(s) of the Applicant Company would be required to deposit certified copies of power of attorney, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.
5. The notice is being sent to all members, whose names appeared in the Register of Members as on 13<sup>th</sup> day of August, 2021. This notice of the Tribunal Convened Meeting of members of the Applicant Company is also displayed / posted on the website of the Company i.e. at . The notice of this Tribunal Convened Meeting will be sent through email to those members whose names appeared in the Register of Members as on 13<sup>th</sup> day of August, 2021 and who have opted to receive electronic communication or who have registered their email addresses with the Company / Depository Participants
6. The notice is available on our website, i.e. and on the website of BSE Limited, where the equity shares of the Company are listed and traded. Physical copy of the notice will be sent

to those members who have either opted for the same or have not registered their email addresses with the Company/Depository Participant. The members may obtain a physical copy of the notice, by sending a request on the email address: **compliance\_officer@danlawinc.com**.

7. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date 11<sup>th</sup> day of September, 2021 only shall be entitled to exercise his/her/ its voting rights on the resolution proposed in the Notice and attend the Meeting. A person, who is not an Equity Shareholder as on the cut-off date, should treat the Notice for information purpose only.
8. A Equity Shareholder entitled to attend / participate and vote during the Meeting shall be entitled to appoint one or more proxies to attend / participate and vote instead of himself/herself and such proxy need not be a member of the Company. Further, such Equity Shareholder is required to send a copy of Form MGT-11 (proxy form, which forms part of this Notice), duly completed, signed and stamped or authenticated by the person entitled to attend / participate and vote during the meeting, authorizing such proxy to attend / participate and vote during the meeting, not later than 48 hours before the scheduled time of the meeting, at the Registered Office of the Company.
9. No route map of the venue of the Meeting is annexed hereto, since this Meeting is being held through VC / OAVM.
10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
11. Equity shareholders attending / participating in the Meeting, whether in person or by way of proxy, through VC / OAVM shall be reckoned for the purpose of quorum. In terms of the Tribunal Order and Section 103 of the Act, the quorum for the meeting of equity shareholders is 30 (thirty) equity shareholders attending the Meeting in person or proxy.
12. If so desired, equity shareholders may obtain a physical copy of the Notice and the accompanying documents, i.e., Scheme and the Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 etc., free of charge at the registered office of the Transferee Company or A written request in this regard, along with details of your shareholding in the Company, may be addressed to the Compliance Officer at **compliance\_officer@danlawinc.com**.
13. A Body Corporate which is an equity shareholder of the Company is entitled to appoint an authorised representative for the purpose of participating and/or voting during the meeting held through video-conferencing facility. Further, such Body Corporates (other than individuals, HUF, NRI etc.) are required to send scanned certified copy of the resolution authorizing such representative to attend and vote at the meeting not later than 48 hours before the scheduled time of the meeting, to the e-mail address of the Company at: **compliance\_officer@danlawinc.com** or at the registered office of the Company. Such authorised representative should furnish his / her valid and legible identity proof issued by a statutory authority (i.e., a PAN Card/ Aadhaar Card/ Passport/ Driving License/ Voter ID Card) to the e-mail address of the Company at **compliance\_officer@danlawinc.com** or at the

registered office of the Company, not later than 48 hours before the scheduled time of the meeting.

14. The remote e voting shall commence at 09.00 a.m. (IST) on Wednesday, 15<sup>th</sup> September, 2021 and close at 05.00 p.m. (IST) on Friday, 17<sup>th</sup> September, 2021. Further, the e-voting facility shall also be available on 18<sup>th</sup> September, 2021 during the meeting.
15. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered as approved by the Equity Shareholders of the Transferee Company if the resolution mentioned above in the notice has been approved by persons representing three-fourths in value of total valid votes cast (remote e-voting and voting during the Meeting) and majority of the Equity Shareholders present and voted during the Meeting.
16. Further, the Scheme is conditional upon it being approved by the PUBLIC shareholders of the Transferee Company through e-voting in terms of para 9 (a) of Part I of Annexure I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> day of March, 2017 and the Scheme shall be acted upon only if votes cast by the Public shareholders in favour of the proposal are more than the number of votes cast by the Public shareholders against it.
17. All the relevant documents referred to in the Notice along with accompanying Explanatory Statement are open for inspection at the registered office of the Company on all working days (except on Sundays and Public holidays) between 09:00 A.M. to 05.00 P.M. till the date of Meeting.
18. Details of persons to be contacted for issues relating to participating and/or electronic voting during the meeting:

Name	Designation	Contact Number	Email ID
NSDL		1800 1020 990 and 1800 22 44 30	evoting@nsdl.co.in

**19. Voting through electronic means:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the EGM/AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing EGM/AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are

entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate there at and cast their votes through e-voting.

3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the EGM/AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the EGM/AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the EGM/AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the EGM/AGM has been uploaded on the website of the Company at [www.danlawtechnologies.com](http://www.danlawtechnologies.com) . The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the EGM/AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
7. EGM/AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

**The remote e-voting period begins on 15<sup>th</sup> day of September, 2021 at 09:00 A.M. and ends on 17<sup>th</sup> day of September, 2021 at 05:00 P.M. The remote e-voting module**

shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 11<sup>th</sup> day of September, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 11<sup>th</sup> September 2021.

**How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:*

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the <b>“Beneficial Owner”</b> icon under “Login” which is available under <b>“IDeAS”</b> section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a>. Select <b>“Register Online for IDeAS”</b> Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>



<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
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**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

<b>Login type</b>	<b>Helpdesk details</b>
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43</p>

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [sumachada69@gmail.com](mailto:sumachada69@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Swapneel Puppala at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [compliance\\_officer@danlawinc.com](mailto:compliance_officer@danlawinc.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [compliance\\_officer@danlawinc.com](mailto:compliance_officer@danlawinc.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"**

menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
  3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [compliance\\_officer@danlawinc.com](mailto:compliance_officer@danlawinc.com). The same will be replied by the company suitably.
  6. Shareholders who would like to express their views/have questions with regard to the Scheme and matters related thereto, may send their questions in advance mentioning their name, demat account number/folio number, e-mail ID, mobile number at **[compliance\\_officer@danlawinc.com](mailto:compliance_officer@danlawinc.com)**, by 15<sup>th</sup> September 2021 (5:00 p.m., IST). The same will be replied by the Company, suitably.
  7. Only those shareholders who have registered themselves as a speaker, as aforesaid, and who are a member of the Company, as on the cut-off date, i.e., 11<sup>th</sup> September, 2021, will be allowed to express their views/ask questions during the Meeting.
  8. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of appropriate time for the Meeting.
- The voting rights of Members shall be in proportion to their shares in the Paid-up Equity Share Capital of the Company, as on the cut-off date being, 11<sup>th</sup> September 2021.
  - Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. 11<sup>th</sup> September, 2021, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. **1800 1020 990 and 1800**

**22 44 30** . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 11<sup>th</sup> September, 2021 may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system”

- A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or e-voting at the Meeting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
- The Chairman shall, at the Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting by use of e-voting for all those Members who are present during the Meeting but have not cast their votes by availing the remote e-voting facility.
- The Scrutinizer shall after the conclusion of voting at the Meeting, unblock the votes cast through remote e-voting and e-voting at the Meeting, in the presence of at least two witnesses not in the employment of the Company, and shall make, not later than two working days of the conclusion of the Meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the Result of the voting forthwith.
- The Results declared, along with the Report of the Scrutinizer, shall be placed on the website of the Company Notice Board(s) of the Company at its Registered Office as well as Corporate Office and on the website of NSDL immediately after the declaration of Result by the Chairman or a person authorised by him in writing. The Results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
BENCH AT HYDERABAD  
CA (A) MERGER & AMALGAMATION / 34 / 2021  
IN THE MATTER OF COMPANIES ACT, 2013 (18 OF 2013)  
IN THE MATTER OF SECTIONS 230 TO 232  
AND  
ALL OTHER APPLICABLE PROVISIONS OF THE OF THE COMPANIES ACT, 2013  
AND  
SCHEME OF AMALGAMATION  
UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013  
BETWEEN  
DANLAW TECHNOLOGIES INDIA LIMITED  
(TRANSFEEE COMPANY)  
AND  
DANLAW ELECTRONICS ASSEMBLY LIMITED  
(TRANSFEROR COMPANY)  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**Danlaw Technologies India Limited**, a Company incorporated under the Companies Act, 1956, bearing CIN: L72200TG1992PLC015099 and having its registered office at Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, Telangana, India, represented by Mr. Gaurav Padmawar email: gauravp@danlawtech.com, Ph: 040-23542499.

... **Applicant / Transferee Company**

**EXPLANATORY STATEMENT UNDER SECTION 102 READ WITH SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND DETAILS & INFORMATION AS REQUIRED UNDER RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

1. A Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors ("**Scheme**"), was proposed by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Company for the purpose of amalgamation of Danlaw Electronics Assembly Limited (Transferor Company) with Danlaw Technologies India Limited (Transferee Company) on a going concern basis with effect from April 01, 2020 (First Day of April, Two Thousand and Twenty), being the Appointed Date.
2. The said Scheme of Amalgamation was approved by the Board of Directors of the Transferor Company and the Board of Directors of the Transferee Company at their respective meetings held on 22<sup>nd</sup> August, 2020 under the provisions of Sections 230 to 232 of the Companies Act,



2013, by passing respective Board Resolutions. The Board of Directors of the Company approved the Scheme after taking into consideration the rationale of the Scheme and the certificate issued by the Statutory Auditors of the Company to the effect that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

3. The Board of Directors of the Transferee Company and Transferor Company at their respective meeting held on 22<sup>nd</sup> August, 2020, authorized, empowered and directed severally, Mr. Sirish Batchu, Managing Director (DIN : 08335245), Mr. Raju S Dandu, Chairman & Whole Time Director (DIN: 00073484), Mr. AVRK Varma CFO and Mr. Gaurav Padmawar, Company Secretary respectively, to file the Scheme along with necessary documents by making application, petition etc., with the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad ("Hon'ble Tribunal/ NCLT") and with such other authorities as may be required for taking their approval to the Scheme and further authorized, empowered and directed them to take all such necessary steps and actions to give effect to the provisions of the Scheme.
4. Accordingly, a Joint Application vide CA (A) Merger & Amalgamation / 34 / 2021 was made to the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad, by the Applicant Companies for obtaining the sanction of the Tribunal to the Scheme of Amalgamation under sections of section 230 to 232 of the Companies Act, 2013, on 24<sup>th</sup> May, 2021.
5. The CA (A) Merger & Amalgamation / 34 / 2021 was allowed by the Hon'ble Tribunal vide Order dated 29<sup>th</sup> July, 2021 read with corrigendum order dated 05<sup>th</sup> August 2021 and pursuant to said Orders (i) a meeting of the Secured Creditor of Danlaw Electronics Assembly Limited (Transferor Company) is being convened on Saturday, 18<sup>th</sup> September, 2021 at 11:00 A.M., (ii) meeting of the Unsecured Creditors of Danlaw Electronics Assembly Limited (Transferor Company) is being convened on Saturday, 18<sup>th</sup> September, 2021 at 11:30 A.M., (iii) meeting of the Equity Shareholders of Danlaw Technologies India Limited (Transferee Company) is being convened on Saturday, 18<sup>th</sup> September, 2021 at 12:30 P.M. and meeting of the Unsecured Creditors of Danlaw Technologies India Limited (Transferee Company) is being convened on Saturday, 18<sup>th</sup> September, 2021 at 01:30 P.M. through video conferencing ("VC") / Other Audio-Visual Means ("OAVM"), for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors.

**6. DESCRIPTION, INFORMATION AND OTHER DETAILS PERTAINING TO THE APPLICANT COMPANIES:**

**TRANSFeree COMPANY:**

**6.1 M/s. “Danlaw Technologies India Limited” (DTIL)** was originally incorporated as a Public Limited Company incorporated in the erstwhile state of Andhra Pradesh (Presently the state of Telangana) under the name and style “Vijaya Growth home Finance Limited” on 03<sup>rd</sup> day of December, 1992, under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 01-15099 of 1992-1993, issued by the Registrar of Companies, Andhra Pradesh. The Company obtained Certificate of Commencement of Business from the Registrar of Companies, Hyderabad, Andhra Pradesh, on 05<sup>th</sup> day of January, 1993. Subsequently the name of the Company was changed from ‘Vijaya Growth home Finance Limited’ to ‘Grow-Tech Software Services Limited’ and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh on 01<sup>st</sup> day of January, 1998 after complying with the relevant provisions under the Companies Act, 1956. Subsequently again the name of the Company was changed from ‘Grow-Tech Software Services Limited’ to ‘Danlaw Technologies India Limited’ and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh on 16<sup>th</sup> day of November, 1999 after complying with the relevant provisions under the Companies Act, 1956. The present Corporate Identity Number (CIN) of the Company is L72200TG1992PLC015099. The PAN of the Company is AAACG8334L.

**6.2** The Present main objects of the Transferee Company are as follows:

- 1)** To carry on the business of developing, supporting and maintaining computer software, providing technical consultancy services, acquiring and marketing technical information, know-how, process, engineering, manufacturing and operating data, plans, layouts, and prints in all areas related to information systems, multimedia, computers, DSP systems & integrated chip tools & design for any person or company in India or abroad.
- 2)** To carry on the business of computers, system analysts, programmers, software experts, software designers, system developers, service engineers, contractors, sales representatives, selling agents, merchants, consultants, advisors, hire purchase agents, of all kinds in any form, services, erection, commissioning, servicing and maintenance of computer hardware, software and its peripherals, consultants and advisors for system development and any other business which may seem to the company capable of being conveniently carried on its connection with any of

the above business and in particular to act as agents, managers, trustees, system experts and advisors for other companies, corporations, bodies corporate, individuals, firms, association or any other person either in India or abroad.

- 3) To carry on the business of producing, designing research & development, assembling, using, buying, selling, repairing, servicing, renovating, installing, birring out or letting on hire, leasing and dealing in computer hardware, software, peripherals, stationery, consumables, and accessories, products, components, articles of all types, sizes and kinds within India or abroad.
- 4) To establish and run data processing center, computer hardware and software centers, multimedia centers and to offer consultancy, data processing and other services and jobs that are normally offered by data processing centers, computer centers, multi-media centers to industrial, business and other types of customers and to impart training on electronic data processing, computer hardware and software including multi-media to customers and others. To establish and run data processing centers, computer centers, multi-media centers, to impart education and training on computer hardware and software to students and other professionals in India or abroad
- 5) To acquire from any person or company in India or abroad technical information, know-how, process, engineering, manufacturing and operating data, plans, layouts, and prints useful for design, erection and operation, hardware manufacturing and software development, manufacturing of peripherals, computer consumables and other related articles in the computer trade.
- 6) To give Loans/Advances to any person or persons or Corporation either at interest or without - upon the security of freehold or lease hold property by way of mortgage, or upon marketable security of and in particular to advance money to shareholders in the company, and others, upon the security of or for the purpose of enabling the person borrowing the same to erect, or purchase, or enlarge or repair any land, house or building, or purchase the interest in, or to take a demise for any term or terms of years of any freehold or lease hold property upon such terms and conditions as the company may think fit.
- 7) To establish and develop all sorts of hardware and software services including the services in the areas of web-hosting, web-server, e-commerce, internet, intranet, extranet, dial up services, leased lines services, services through cable network, e-mail services, news services, web services, transcription services, Internet service providers including multimedia facilities and any other computer aided services or solutions including setting up of Gateway Internet Access Services.

**6.3** There has been no instance of change of name or change of objects of the Company, during the last five years.

**6.4** Details of change of Registered Office during the last Five years: Danlaw Technologies India Limited has not changed its registered office during the last five years.

**6.5** The authorized, issued, subscribed and paid-up share capital of Transferee Company as on 31<sup>st</sup> March, 2021, is as follows:

<b>Share Capital</b>	<b>Amount in Rs.</b>
<b>Authorized Capital</b>	
50,00,000 fully paid up equity shares of Rs. 10/- each	5,00,00,000
<b>Total</b>	<b>5,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
37,07,490 fully paid up Equity Shares of Rs. 10/- each	3,70,74,900
<b>Total</b>	<b>3,70,74,900</b>

Subsequent to 31<sup>st</sup> March, 2021 and until the date of this notice, there has been no change in the capital structure of the Transferee Company.

**6.6** The following is the Shareholding Pattern of the Transferee Company as on 31<sup>st</sup> March, 2021:

<b>Sl. No.</b>	<b>Category of shareholder</b>	<b>No. of Shareholders</b>	<b>Total No. of shares held</b>	<b>% of holding</b>
1.	Promoter & Promoter Group	9	18,50,805	49.92
2.	Public	2207	18,56,685	50.08
3.	Others	0	0	0
<b>Total</b>		<b>2216</b>	<b>37,07,490</b>	<b>100.00</b>

The equity shares of the Transferor Company are listed and traded on the BSE Limited ("BSE") bearing Scrip Code: 532329.

**6.7** Details of Promoters of Transferee Company ( as on date of this Notice) along with their addresses are mentioned herein below:

<b>Sl. No.</b>	<b>Name</b>	<b>Address</b>
1.	SRINIVAS DANDU	8-2-293/82/HH/13 Plot No 13 Huda Heights, Near Lotus Pond Banjara Hills, Hyderabad – 500034
2.	PALLAVI DANDU	8-2-293/82/HH/13 PLOT NO 13 HUDA HEIGHTS, NEAR LOTUS POND BANJARA HILLS, Hyderabad – 500034
3.	LAKSHMI DANDU	8-2-293/82/HH/13 PLOT NO 13 HUDA HEIGHTS, NEAR LOTUS POND BANJARA HILLS, Hyderabad- 500034
4.	B V RAMANA	3-4-142/7, 101 Gautami apts, Barkatpura, Himayathnagar, Hyderabad, Telangana - 500027

5.	DANLAW SYSTEMS INDIA LTD	Plot No.43, Sagar Society, Road No.2, Banjara Hills HYDERABAD TG 500034
6.	D LAKSHMI	Flat no 1604, Pegasus A Wing, Meenakshi Sky Lounge, Hitex Road, Serligampally, Telangana - 500084
7.	D VENKAT RAJU	43, Sagar Society, Road No.2, Banjara Hills HYDERABAD TG 500034
8.	PALLALAMMA DANDU	Plot No 6 Panchavati Colony, Avenue 8 Road No 3, Banjara Hill, Hyderabad, Telangana - 500034
9.	D PRAVEEN VARMA	Plot No 53/54, Amar Co-Op Society, Madhapur, Hyderabad - 500033

**6.8** Details of Directors of Transferee Company ( as on date of this Notice) along with their addresses are mentioned herein below::

S. No	Name	DIN	Address
1.	Raju Satyanarayana Dandu	00073484	38432, Saratoga Cir, Farminton Hills Michigan - 48331
2.	Nagasatyanarayana Sappata	02423978	50-117-4/1 Flat no-401, Chandra Swechhawas, Seethammadhara, Visakhapatnam, Andhra Pradesh, India - 530013
3.	Sridevi Madati	02446610	20-3/2, Gauthamnagar, Malkajgiri, Hyderabad, Telangana - 500047
4.	Kotti Nanda Praveen Kumar	03147134	1-31 Plot No.35, Public Sector Employees Colony, New Bowenpally, Tirumalgiri, Hyderabad, Telangana, India- 500011
5.	Ravi Kumar Thamma	05306747	3/4/142/7/401, Gautami Apts, Barkatpura, Hyderabad, Telangana, India - 500027
6.	Sirish Batchu	08335245	#47, 1st Cross Anjaneya Nagar, Banashankari III Stage, Bangalore, Karnataka, India - 560085

**6.9** Names of the Directors of Transferee Company who voted in favor of the resolution approving the Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors at the meeting of Board of Directors of the Company held on 22<sup>nd</sup> day of August, 2020:

Sl. No.	Name
1.	Mr. Sirish Batchu
2.	Mr. Raju S Dandu
3	Mr. Kotti Nanda Praveen Kumar

4	Mr. Ravi Kumar Thamma
5	Mr. Nagasatyanarayana Sappata

All the Directors participated and voted in the meeting and none of the Directors voted against the resolution.

**6.10** Transferee Company does not have any Secured Creditors as on 31<sup>st</sup> March, 2021.

**6.11** The Transferee Company owes an amount of Rs. 3,44,81,148/- (Rupees Three Crore Forty Four Lakhs Eighty One Thousand One Hundred and Forty Eight only) to its 25 (Twenty Five) Unsecured Creditors as on 31<sup>st</sup> March, 2021.

**TRANSFEROR COMPANY:**

**6.12** M/s. “**Danlaw Electronics Assembly Limited**” was originally incorporated as a Public Limited Company incorporated in the state of Goa under the name and style “Titan Time products Limited” on 31<sup>st</sup> July 1991, under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 24-01148 of 1991-1992, issued by the Registrar of Companies, Goa. Subsequently the name of the Company was changed from ‘Titan Time products Limited’ to ‘Danlaw Electronics Assembly Limited’ and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Goa on 31<sup>st</sup> July 2018 after complying with the relevant provisions under the Companies Act, 2013. The registered office of the Company was shifted from the State of Goa to the State of Telangana by following the due procedure laid down under the applicable provisions of Companies Act, 2013, upon receiving the confirmation by the Hon’ble Regional Director vide his Order dated 27<sup>th</sup> May, 2020 The PAN of the Company is AABCT1287A.

**6.13** The present main objects of the Transferor Company are as follows:

1. To carry on the business of designing, engineering, manufacturing, producing, assembling, fabricants, altering, repairing, buying, selling, trading, acquiring, storing, packing, transporting, forwarding, distributing & importing& exporting and disposing of watches, clock, chronometers, horological instruments and other devices for measuring time, and components and Parts thereof (including electronics circuit blocks, dials, hand straps, bracelets, cases, crowns, jewels, crystals, micro motors, button cell lamps), appliances, precision tools, mechanical, electrical, electronic, pneumatic and other types of measuring instruments, spares, machinery, plant and equipment, scientific instruments, musical instruments, entertainment apparatus, sound equipment,

ornaments, jewels, diamonds, gold, silver, metal alloys, precision stones of all kinds, electronic components, printed circuit boards, integrated circuits, liquid crystal displays, quartz crystals, resistors, capacitors, cells, piezo elements, elastomers, electronic circuits, logic control circuits, drive systems, electronic subassemblies and systems, stepping motors and parts thereof.

2. To establish, start and promote factories and to render consultancy services and engage in research and development activities and to maintain and render assistance in all and every kind or any description for designing engineering, manufacturing, altering, improving, trading, importing and exporting of all types of items stated in Clause 1 above.

**6.14** Details of change of Registered Office during the last Five years:

The registered office of the Company was shifted from the State of Goa to the State of Telangana by following the due procedure laid down under the applicable provisions of Companies Act, 2013, upon receiving the confirmation by the Hon'ble Regional Director vide his Order dated 27<sup>th</sup> May, 2020.

**6.15** The authorized, issued, subscribed and paid-up share capital of the transferor company as on 31<sup>st</sup> March, 2021 is as follows:

Share Capital	Amount in Rs.
<b>Authorized Capital</b>	
70,00,000 Equity Shares of Rs. 10/- each	7,00,00,000
<b>Total</b>	<b>7,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
51,69,675 Equity Shares of Rs. 10/- each	5,16,96,750
<b>Total</b>	<b>5,16,96,750</b>

Subsequent to 31<sup>st</sup> March, 2021 and till the date of this notice, there has been no change in the capital structure of the Transferor Company.

The Transferee Company is the holding Company of the Transferor Company holding 70% of the total paid up equity share capital of the Transferor Company.

**6.16** The following is the Shareholding Pattern of the Transferor Company as on 31<sup>st</sup> March, 2021:

Sl. No.	Name of the equity shareholder	No. of equity shares	Face value	Total equity capital	% of Holding
1.	Danlaw Technologies India Limited and its Nominees	36,18,772	10	3,61,87,720	70
2.	Danlaw Inc.	15,50,903	10	1,55,09,030	30
	<b>Total</b>	<b>51,69,675</b>	<b>10</b>	<b>5,16,96,750</b>	<b>100.00</b>

**6.17** Details of Promoters of Transferor Company ( as on date of this Notice) along with their addresses are mentioned herein below:

Sl. No.	Name	Address
1.	Danlaw Technologies India Limited	Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, Telangana
2.	Danlaw Inc.	41131, Vincenti Court, Novi, Michigan, 48375, USA

**6.18** Details of Directors of Transferor Company ( as on date of this Notice) along with their addresses are mentioned herein below::

S. No	Name	DIN	Address
1.	Raju Satyanarayana Dandu	00073484	38432, Saratoga Cir, Farminton Hills Michigan, USA, 48331
2.	Dundi Ashok	08158794	263/L, 6th C Main Road Remco Layout, Vijayanagar Bangalore, Karnataka - 560040
3.	Shilesh Malur Jayaram	08159898	RH-5, Kalash Life Style, Jairam Nagar Alto Dabolim, Dabolim, A.P Dabolim, South Goa Mormugao - 403801

**6.19** Names of the Directors of Transferor Company who voted in favor of the resolution approving the Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors at the meeting of Board of Directors of the Company held on 22<sup>nd</sup> day of August, 2020:

Sl. No.	Name
1.	Mr. Raju S Dandu
2	Mr. Dundi Ashok
3	Mr. Shilesh Malur Jayaram

All the Directors participated and voted in the meeting and none of the Directors voted against the resolution.

**6.20** The Transferor Company owes an amount of Rs. 7,51,67,283/- (Rupees Seven Crore Fifty One Lakhs Sixty Seven Thousand Two Hundred Eighty Three Only) to its Sole Secured creditor i.e. State Bank of India, as on 31<sup>st</sup> March, 2021.



**6.21** The Transferor Company owes an amount of Rs. 21,49,84,709/- (Rupees Twenty One Crore Forty Nine Lakhs Eighty Four Thousand Seven Hundred and Nine only) to its 191 (One Ninety One) Unsecured Creditors as on 31<sup>st</sup> March, 2021.

**7. RATIONALE, OBJECTIVE, PURPOSE AND BENEFITS OF THE SCHEME TO THE COMPANY AND ITS STAKEHOLDERS**

- a) The Transferee Company is the holding Company of the Transferor Company holding 70% of the total paid up equity share capital of the Transferor Company. In view of the fact that the Transferor Company and the Transferee Company are engaged in the business that is complimentary by way of combining forward and backward integration and keeping in view the synergic advantages resulting out of the amalgamation of the Transferor Company, it is proposed to amalgamate the Transferor Company and Transferee Company into a single company which will lead the amalgamated Company to greater and optimal use of resources. A consolidation of the Transferor Company and the Transferee Company by way of amalgamation would therefore lead to a more efficient utilization of capital, talent pooling and will result in creation of a single larger unified entity in place of various entities under the same management and control, thus resulting in efficient synergies of operations and streamlined business transactions.
- b) The Transferee Company owns IP and The Transferor Company does job work for the IP as a unified vendor. In order to project to OEM vendors, it becomes easier to project them as one company for the purpose vendor validation. The Transferee Company has to protect its IP while getting job work done from the Transferor Company and if it is the same company, that protection is automatic and hence becomes easier. The Transferee Company is well known in automobile sector. The Transferee Company has relationship with several supply chain vendors abroad for automobile components and will be able to procure them easily, if they both are a combined company. Majority of the orders of the Transferor Company is procured through the Transferee Company in future and hence it makes it easier to operate as one company for better planning. The Transferee Company has spent time in educating the Transferor Company about the process of OEM automobile vendor validation process and hence it is in the interest of the Transferee Company that the Transferor Company is merged to take advantage of combined knowledge. The Transferee Company has extensive design capability and the Transferor Company has extensive manufacturing capability. It becomes best when both are combined in one entity to get the multiplier effect.

- c) The proposed Amalgamation will lead to the benefits such as economies of scale, besides other synergetic advantages particularly in view of the fact that the entire gamut of operations of the combined entity will have greater management focus and increased supervisory control.
- d) The proposed amalgamation will reduce administrative costs and also result in reduction of overheads and other expenses, economies of scale, reduction in administrative and procedural work, enable the amalgamated company to effect internal economies and optimize profitability as also to reduce administrative inefficiencies by reducing duplication of functions.
- e) In order to achieve the objectives as mentioned in clause (a) to (d) above, the Boards of Directors of the Transferor Company and the Transferee Company have proposed to consolidate the Transferor Company and the Transferee Company into a Single Company by assimilating the businesses carried on by the Transferor Company and the Transferee Company.
- f) The Scheme shall be beneficial and in the best interests of the shareholders, creditors and employees of the Transferor Company, the Transferee Company and to the interest of public at large and all concerned.

## **8. SCOPE OF THE SCHEME**

The Scheme of Amalgamation is presented pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (to the extent applicable) for the Amalgamation of Danlaw Electronics Assembly Limited (Transferor Company) with Danlaw Technologies India Limited (Transferee Company). The Scheme (as defined hereinafter) also provides for various other matters consequential to, or otherwise integrally connected with the above, as more specifically stated hereinafter. The scope of the scheme is as under:

1. Amalgamation of Transferor Company into Transferee Company.
2. Various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.
3. This Scheme of Amalgamation has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961, such that:

- (a) All the properties of Transferor Company, immediately before the amalgamation, become the properties of Transferee Company by virtue of amalgamation.
- (b) All the liabilities of Transferor Company, immediately before the amalgamation, become the liabilities of Transferee Company by virtue of amalgamation.

## **9. SALIENT FEATURES OF THE SCHEME**

**9.1 Appointed Date** means 01<sup>st</sup> April, 2020, or such other date as may be approved by the Hon'ble National Company Law Tribunal at Hyderabad or such competent authority. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date

### **9.2 Transfer and vesting of undertaking:**

1. Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date, the entire Amalgamating Undertaking of the Transferor Company shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:
  - a) Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date, all assets and liabilities of whatsoever nature and where-so-ever situated, shall, under the provisions of Sections 230 to 232 of the Companies Act, 2013 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in sub clauses (b) (c) and (d) below) be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.
  - b) Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date all the Immovable properties (more specifically described in the Schedules) of the Transferor Company shall under the provisions of Sections 230 to 232 of the Companies Act, 2013, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the Properties of the Transferee Company.
  - c) Upon approval of this Scheme by the Tribunal and with effect from the Appointed Date all the movable assets including but not limited to machineries and equipment's, office

equipment's, computers, software's, IPRs, products, websites, portals, inventories, cash in hand of the Transferor Company capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company.

- d)** In respect of movables other than those specified in sub clause (c) above, including, outstanding loans and advances, Investments (whether current or non-current), trade receivables, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and /or be deemed to be transferred to and stand vested in the Transferee Company under the provisions of Sections 230 to 232 of the Companies Act, 2013.
- e)** In relation to all licenses, franchises, permissions, approvals, consents, entitlements, sanctions, permits, rights, privileges and licenses including rights arising from contracts, deeds, license instruments and agreements, if any, belonging to the Transferor Company, which require separate documents of transfer including documents for attornment or endorsement, as the case may be, the Transferee Company will execute the necessary documents of transfer including documents for attornment or endorsement, as the case maybe, as and when required.
- f)** All the secured and/or unsecured debts, if any, all liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of account and whether disclosed or undisclosed in the balance sheets of the Transferor Company shall also, under the provisions of Sections 230 to 232 of the Companies Act, 2013, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or restructuring by virtue of which such secured and/or unsecured debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub clause.

It is clarified that unless otherwise determined by the Board of Directors of the Transferee Company, in so far as the borrowings/debts and assets comprising the Transferor Company is concerned:

- (a) the security or charge, if any existing or created in future before the appointed date, for the loans or borrowings of the Transferor Company concerned shall, without any further act or deed, continue to relate to the said assets after the appointed date; and
  - (b) the assets of the Transferee Company shall not relate to or be available as security in relation to the said borrowings of the Transferor Companies;
  - g) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including credit on account of tax on book profits, sales tax, excise duty, custom duty, service tax, value added tax and other incentives), granted by any government body, local authority or by any other person and availed by the Transferor Company, the same shall vest with and be available to the Transferee Company on the same terms and conditions.
2. The Transferee Company shall under the provisions of this Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company, to implement and carry out all formalities and compliances, if required, referred to above.
  3. All the properties or assets of the Transferor Company whether movable or immovable, being transferred pursuant to this Scheme, which are registered and standing in the name of Transferor Company shall, upon the scheme being sanctioned by the Tribunal and becoming effective, be registered in the name of the Transferee Company and the name of the Transferor Company concerned shall be substituted with the name of the Transferee Company in all such certificates of registration, endorsements, records and in revenue/mutation records in case of immovable properties by such appropriate authorities.
  4. Any tax liabilities under the Income-tax Act, 1961, service tax laws, customs law or other applicable laws/ regulations dealing with taxes/ duties / levies of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date, if any, shall be transferred to Transferee Company.
  5. Any refund under the Income-tax Act, 1961, service tax laws or other applicable laws / regulations dealing with taxes/ duties / levies tax due to Transferor Companies consequent to the assessment made on Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

6. Upon the Scheme being sanctioned by the Tribunal, with effect from the Appointed Date, all rights, entitlements and powers to revise returns and filings of the Transferor Company under the Income-tax Act, 1961, service tax laws and other laws, and to claim refunds and / or credits for taxes paid, etc. and for matters incidental thereto, shall be available to, and vest with the Transferee Company.
7. All tax assessment proceedings / appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Companies shall be continued and / or enforced against the Transferor Company until the date of sanction of the Scheme by the Tribunal and from the sanction of the Scheme by the Tribunal, the same shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company concerned. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company into the Transferee Company or anything contained in the Scheme.
8. All the tax payments (including, without limitation payments under the Income -Tax Act, 1961 Service Tax law, and other laws) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly. Further, any tax deducted at source by the Transferor Company on transactions with the Transferee Company, if any, (from Appointed Date till date of sanction of the Scheme by the Tribunal) shall be deemed to be advance taxes paid by the Transferee Company and shall, in all proceedings be dealt with accordingly.
9. Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company under the Income-tax Act, 1961, service tax laws, or other applicable laws / regulations dealing with taxes/ duties / levies shall be made or deemed to have been made and duly complied with by the Transferee Company.
10. This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme is sanctioned by the Tribunal, the

provisions of the said section of the Income-Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961.

### **9.3 Consideration / Issuance of shares:**

- (i). Upon sanction of this Scheme by the Tribunal and in consideration of transfer and vesting of the Amalgamating Undertaking of the Transferor Company to the Transferee Company in terms of provisions of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot equity share(s) to the members of the Transferor Company whose names appear in the Register of members as on Record Date, in the following ratio (“Share Exchange Ratio”):

**03 (Three) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 04 (Four) equity shares of Transferor Company of Rs.10/- each fully paid-up based;**

- (ii). Since the Transferee Company is the Holding Company of the Transferor Company upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the Transferee Company in Transferor Company, shall stand cancelled.

### **9.4 Amendment to the Memorandum and Articles of Association of the Transferee Company:**

1. Upon the sanction of this Scheme by the Tribunal, the authorized share capital of the Transferee Company shall automatically stand increased, without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to Registrar of Companies, by the authorized share capital of the Transferor Company amounting to Rs. 7,00,00,000/- (Rupees Seven Crores) comprising of 70,00,000 (Seventy Lakhs) equity shares of Rs. 10/- (Rupees Ten only) each.
2. For the purpose of sub clause 8.1 above, the stamp duties and fees paid on the authorized share capital of the Transferor Companies by the respective Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of

stamp duty and/or fee by the Transferee Company for clubbing the authorized share capital of the Transferor Company to that extent.

3. Upon the sanction of this Scheme by the Tribunal, Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13, 61, 64 of the Companies Act, 2013 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

**“The Authorized Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Twelve Crores only) comprising 1,20,00,000 (One Crore Twenty Lakh ) equity shares of Rs. 10/- (Rupees Ten only) each. The Share Capital of the Company (whether original, increased or reduced) may be sub-divided, consolidated or divided into such classes of shares as may be allowed under law for the time being in force relating to companies with such privileges or rights as may be attached and to be held upon such terms as may be prescribed by the regulations of the Company”.**

4. Further, if required, the Transferee Company shall take necessary steps to further increase and alter its Authorized Share Capital suitably to enable it to issue and allot the equity shares required to be issued and allotted by it to the shareholders of the Transferor Company in terms of this Scheme.

**9.5 Legal proceedings, proceedings before Judicial, Quasi-Judicial, Regulatory and Tax Authorities:** Any legal, Judicial or quasi-judicial, Regulatory and Tax proceedings by or against the Transferor Company pending as on the Appointed Date shall not abate or be discontinued or in any way be prejudicially affected by reasons of the arrangement and shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as it would have been continued or enforced by or against the Transferor Company had the Scheme not been made and all proceedings by or against the Transferor Company will be prosecuted or defended at the costs of the Transferee Company at its own liability.

**9.6 Employees:** Upon the Scheme coming into effect, all staff, workmen and employees of the Transferor Companies in service on the Appointed Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break in their service and the terms and conditions of their



employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company on the Appointed Date.

**9.7 Dissolution of the Transferor Company:**

Upon approval of this Scheme by the Tribunal, the Transferor Company shall be dissolved without winding up and without any further act or deed on the part of the Transferor Company pursuant to the provisions of Section 232 of the 2013 Act.

**9.8 Conditionality of the Scheme:** The Scheme is conditional upon and subject to:

- i. In-principle approval / Observation Letter from the Stock Exchanges and SEBI in terms of the SEBI Circular, as applicable.
- ii. That the public shareholders of Transferee company shall be provided e-voting facility in terms of Para (I)(A)(9)(a) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and the Scheme shall be acted upon only if vote cast by the public shareholders of the Transferee Company in favour of the proposal are more than the number of votes cast against it.
- iii. It being agreed to by the respective requisite majorities of members of Transferee Company and Transferor Company as required under the Act and the requisite orders of the Tribunal being obtained.
- iv. It being agreed to by the respective requisite majorities of creditors and the various classes of creditors (wherever applicable) of the Transferee Company and Transferor Company as required under the Act and the requisite orders of the Tribunal being obtained.
- v. The requisite sanctions and approvals, as may be required by law in respect of this Scheme being obtained; and

**10. VALUATION REPORT:**

The valuation has been carried out by M/s. V Gangadhara Rao N., Chartered Accountant. The valuation has been carried out for the purpose of determining the Share Exchange Ratio in relation to the Scheme of Amalgamation. A copy of the Valuation Report, dated 22.08.2020, including the basis of Valuation, is annexed to this Notice. The valuation report is also available for inspection at the registered office of the Company.

### **11. Fairness Opinion from Merchant Banker**

The Company has obtained a Fairness Opinion dated 22<sup>nd</sup> August 2020, from Quintessen Enterprises Private Limited, Merchant Banker. The Merchant Banker has certified that the valuation carried out by the Valuer is fair. The Fairness Opinion report is also available for inspection at the registered office of the Company

### **12. Complaints Report**

The Company did not receive any complaints from any stakeholder during 14.09.2020 and ending on 05.10.2020 , in relation to the proposed Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors.

### **13. No-Objection / Observation Letters from the Stock Exchanges**

The Transferee Company has received the observation letter dated 20<sup>th</sup> April, 2021 from BSE Limited, wherein the Stock Exchange has granted it's no objection to filing the Scheme with the Hon'ble NCLT. The BSE Limited vide its observation letter dated 20<sup>th</sup> April, 2021 has conveyed that it has no adverse observations and has no objection to the Scheme being filed with the jurisdictional NCLT. Following are the comments as given by BSE Limited on the Scheme:

- Company shall duly comply with various provisions of the Circular.
- Company shall ensure that additional information and undertakings, if any, submitted by the Company, after filing the Scheme with the Stock Exchanges, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.
- Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.
- It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations

**14. RELATIONSHIP SUBSISTING BETWEEN PARTIES TO THE SCHEME:**

The Transferee Company is the holding Company of the Transferor Company holding 70% of the total paid up equity share capital of the Transferor Company.

**15. CAPITAL / DEBT RESTRUCTURING:**

There is no Capital / debt restructuring envisaged in the Scheme.

**16. PRE AND POST AMALGAMATION CAPITAL STRUCTURE:**

- a) The pre and post amalgamation Capital Structure of the Transferee Company is as follows:

S. No.	Description	Pre-Scheme as on March 31, 2021		Post-Scheme	
		No of Equity Shares	%	No of Equity Shares	%
1.	<b>Promoter &amp; Promoter Group</b>				
(A)	<b>Indian</b>				
(a)	Individuals/Hindu Undivided Family	2,06,913	5.58	206,913	4.25
(b)	Central Government/State	0	0	0	0
(c)	Finical Institutions/Banks	0	0	0	0
(d)	Any Other	14,61,592	39.42	1,461,592	30.01
(e)	Bodies Corporate	0	0	0	0
(f)	Trust				
	<b>Sub-Total(A)(1)</b>	<b>16,68,505</b>	<b>45</b>	<b>1,668,505</b>	<b>34.26</b>
(B)	<b>Foreign</b>				
(a)	Individuals (Non Resident Foreign Individuals)	1,82,300	4.92	182,300	3.74
(b)	Government	0	0	0	0
(c)	Institutions	0	0	0	0
(d)	Foreign Portfolio Investors	0	0	0	0
(e)	Any Other	0	0	11,63,177	23.88
	<b>Sub-Total(A)(2)</b>	<b>1,82,300</b>	<b>4.92</b>	<b>13,45,477</b>	<b>27.62</b>
	<b>Total Shareholding of Promoter and Promoter Group A = (A)(1) + (A)(2)</b>	<b>18,50,805</b>	<b>49.92</b>	<b>3,013,982</b>	<b>61.88</b>

2.	<b>Public</b>				
(A)	<b>Institutions</b>	0	0	0	0
	<b>Sub-Total(B)(1)</b>	0	0	0	0.00
(B)	<b>Central Government/ State Government(s)</b>	43,000	1.16	43,000	0.88
	<b>Sub-Total(B)(2)</b>	43,000	1.16	43,000	0.88
(C)	<b>Non Institutions</b>	18,13,685	48.92	18,13,685	37.24
	<b>Sub-Total(B)(3)</b>	18,13,685	48.92	18,13,685	37.24
	<b>Total Public Shareholding B = (B)(1) + (B)(2) + (B)(3)</b>	18,56,685	50.08	18,56,685	38.12
3.	<b>Non Promoter- Non Public</b>				
(A)	<b>Shares underlying DRs</b>	0	0	0	0.00
(B)	<b>Shares held by Employee Trusts</b>	0	0	0	0.00
	<b>Sub-Total(C)</b>	0	0	0	0.00
<b>TOTAL = A + B + C</b>		<b>37,07,490</b>	<b>100</b>	<b>4,870,667</b>	<b>100.00</b>

*<left blank intentionally>*

b) The pre and post amalgamation Capital Structure of the Transferor Company is as follows:

S. No.	Description	Pre-Scheme as on March 31, 2021		Post-Scheme	
		No of Equity Shares	%	No of Equity Shares	%
1.	<b>Promoter &amp; Promoter Group</b>	0	0	Nil	Nil
(A)	<b>Indian</b>	0	0	Nil	Nil
(a)	<b>Individuals/Hindu Undivided Family</b>	0	0	Nil	Nil
(b)	<b>Central Government/State</b>	0	0	Nil	Nil
(c)	<b>Financial Institutions/Banks</b>	0	0	Nil	Nil
(d)	<b>Any Other</b>	0	0	Nil	Nil
(e)	<b>Bodies Corporate</b>	36,18,772	70	Nil	Nil
(f)	<b>Trust</b>	0	0	Nil	Nil
	<b>Sub-Total(A)(1)</b>	36,18,772	70	Nil	Nil
(B)	<b>Foreign</b>	0	0	Nil	Nil
(a)	<b>Individuals (Non Resident Foreign Individuals)</b>	0	0	Nil	Nil
(b)	<b>Government</b>	0	0	Nil	Nil
(c)	<b>Institutions</b>	0	0	Nil	Nil
(d)	<b>Foreign Portfolio Investors</b>	0	0	Nil	Nil
(e)	<b>Any Other</b>	15,50,903	30	Nil	Nil
	<b>Sub-Total(A)(2)</b>	15,50,903	30	Nil	Nil
	<b>Total Shareholding of Promoter and Promoter Group A = (A)(1) + (A)(2)</b>	51,69,675	100	Nil	Nil
2.	<b>Public</b>			Nil	Nil
(A)	<b>Institutions</b>	0	0	Nil	Nil
	<b>Sub-Total(B)(1)</b>	0	0	Nil	Nil
(B)	<b>Central Government/ State Government(s)</b>	0	0	Nil	Nil
	<b>Sub-Total(B)(2)</b>	0	0	Nil	Nil
(C)	<b>Non Institutions</b>	0	0	Nil	Nil
	<b>Sub-Total(B)(3)</b>	0	0	Nil	Nil
	<b>Total Public Shareholding B = (B)(1) + (B)(2) + (B)(3)</b>	0	0	Nil	Nil
3.	<b>Non Promoter- Non Public</b>			Nil	Nil
(A)	<b>Shares underlying DRs</b>	0	0	Nil	Nil
(B)	<b>Shares held by Employee Trusts</b>	0	0	Nil	Nil
	<b>Sub-Total(C)</b>	0	0	Nil	Nil
	<b>TOTAL = A + B + C</b>	<b>51,69,675</b>	<b>100</b>	Nil	Nil

**17. Effect of Scheme on stakeholders:**

The Scheme of Amalgamation, if approved by the appropriate authorities and the Tribunal, shall not have any adverse impact or effect on the Directors, Key managerial personnel's Promoters, Non-Promoter Members, Creditors, whether secured or unsecured, employees of Transferee or Transferor Company. The Applicant Companies does not have any Depositors or Debenture Holders. A report adopted by the respective Board of Directors of the Transferee and Transferor Company, explaining the effect of Scheme on promoters and non-promoter Shareholders, and others is enclosed to this Notice.

**18. Interest Of Directors, Key Managerial Personnel (KMP'S), their Relatives and Debenture Trustee:**

- (a) None of the Directors, KMPs (as defined under the Act and rules framed thereunder) of the Transferee Company and their respective relatives (as defined under the Act and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Company, if any. Save as aforesaid, none of the said Directors or the KMPs or their respective relatives has any material interest in the Scheme.
- (b) None of the Directors, KMPs (as defined under the Act and rules framed thereunder), as applicable, of the Transferor Company and their respective relatives (as defined under the Act and rules framed thereunder), has any interest in the Scheme except to the extent of their shareholding in the Transferor Company, if any. Save as aforesaid, none of the said Directors or the KMP's or their respective relatives has any material interest in the Scheme.
- (c) The Applicant Companies do not have any Depositors or Debenture Holders, hence the question of disclosure of interest of Depositors or Debenture Trustee does not arise.
- (d) Details of the present Directors and KMP of the Transferee Company and their respective shareholding in Transferor and Transferee Company as on date of this Notice is as follows:

Name of Directors/ KMP	Designation	Shares in Transferor Company	Shares in Transferee Company
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Raju Satyanarayana Dandu	Whole – time Director	0	0
Nagasatyanarayana Sappata	Director	0	0
Sridevi Madati	Director	0	0
Kotti Nanda Praveen Kumar	Director	0	0
Ravi Kumar Thamma	Director	0	0
Sirish Batchu	Managing Director	0	0
A V R K Varma	CFO	1*	0
Gaurav Padmawar	Company Secretary	0	0

**\*Share jointly held with Danlaw Technologies India Limited**

- (e) Details of the present Directors and KMP of the Transferor Company and their respective shareholding in Transferor and Transferee Company as on date of this Notice is as follows:

Name of Directors/ KMP	Designation	Shares in Transferor Company	Shares in Transferee Company
Raju Satyanarayana Dandu	Managing Director	0	0
Dundi Ashok	Director	1*	0
Shilesh Malur Jayaram	Director	0	0
Gaurav Padmawar	Company Secretary	0	0

**\*Share jointly held with Danlaw Technologies India Limited**

19. The rights and interests of creditors of the Applicant Companies will not be prejudicially affected by the Scheme as no sacrifice or waiver is at all called from them nor their rights sought to be modified in any manner and post the Scheme, the Transferee Company will be able to meet its liabilities as they arise in the ordinary course of business.
20. There are no winding up proceedings pending against any of the Applicant Companies as on date.
21. No inquiry or investigation under sections 235 to 251 of the Companies Act, 1956, or under Section 210 to 227 of Companies Act, 2013, is pending against any of the Applicant Companies.
22. The financial position of the Transferee Company will not be adversely affected by the Scheme.

23. The Scheme of Amalgamation requires the approval / sanction / no objection from the following regulatory and government authorities:
- a) Registrar of Companies
  - b) Regional Director
  - c) Official Liquidator
  - d) National Company Law Tribunal
24. The Companies are yet to obtain the sanction of Registrar of Companies, Regional Director, Official Liquidator and the National Company Law Tribunal, Bench at Hyderabad. The approval of the aforesaid authorities will be obtained at appropriate time.
25. Inspection and / or extract by the Equity Shareholders of the Transferor Company, of the following documents shall be allowed at the Registered Office of the Company on all working days (except on Sundays and Public holidays) between 9:00 A.M. to 5.00 P.M. till the date of this Meeting.
- (a) Joint Company Application No. **CA (A) Merger & Amalgamation / 34 / 2021** filed by the Applicant Companies with the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad.
  - (b) Certified copy of the order dated 29<sup>th</sup> July, 2021, and corrigendum order dated 05<sup>th</sup> August, 2021, passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad in the **CA (A) Merger & Amalgamation / 34 / 2021**.
  - (c) Resolution passed by the Board of Directors of Applicant Companies approving the Scheme of Amalgamation at their respective meetings held on 22<sup>nd</sup> August, 2020.
  - (d) Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors.
  - (e) A certificate issued by the respective Statutory Auditors of the Applicant Companies to the effect that the accounting treatment proposed in the scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
  - (f) Memorandum and Articles of Association of the Applicant Companies.
  - (g) Audited Financial Statements of the Applicant Companies for the financial year ended 31<sup>st</sup> March 2021.
  - (h) Report of the Board of Directors of the Transferor and Transferee Company, pursuant to Section 232(2)(c) of the Act.



- (i) Consolidated and standalone audited financial statements for year ended 31<sup>st</sup> March, 2021 of the Transferee Company.
  - (j) Financial Statements for the period ended 31<sup>st</sup> March, 2021 of the Transferor Company.
  - (k) Complaint report dated 15<sup>th</sup> day of March, 2021 submitted by Transferee Company to BSE Limited.
  - (l) Copy of Observation letter dated 20<sup>th</sup> day of April, 2021 issued by BSE Limited to Transferee Company conveying their no-objection to the Scheme
- 26.** The Scheme of amalgamation, subject to any modification(s) approved or imposed or directed by the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad, unless otherwise specified in the Scheme, shall be effective and operative from the Appointed Date, i.e., 01<sup>st</sup> day of April 2020, upon receipt of Certified copy of Order of the National Company Law Tribunal, Hyderabad Bench.
- 27.** Details of the Outstanding loans/Debts of the Transferee Company:  
Transferee Company does not have any Secured Creditors as on 31.03.2021. The Transferee Company owes an amount of Rs. 3,44,81,148/- (Rupees Three Crore Forty Four Lakhs Eighty One Thousand One Hundred and Forty Eight only) to its 25 (Twenty Five) Unsecured Creditors as on 31<sup>st</sup> March, 2021.
- 28.** A copy of the Notice, the Explanatory Statement, the Scheme of Amalgamation, details & information as required under Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Reports adopted by the Board of Directors of the Transferor Company / Transferee Company, explaining the effect of Scheme on promoters and non-promoter Shareholders of the Company, and other relevant documents are also available on the website of the Company, i.e., [www.danlawtechnologies](http://www.danlawtechnologies). and also available for inspection at the registered office on all working days (except on Sundays and Public holidays) between 9:00 A.M. to 5.00 P.M. till the date of this Meeting.
- 29.** None of the Directors of respective Companies and their respective relatives is concerned or interested, financially or otherwise in the proposed resolution except as shareholders of their respective companies in general.

30. The Board of Directors recommends the resolution set out in the notice in relation to the approval of the proposed Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors.
31. This statement may be treated as an Explanatory Statement under Section 102 read with sections 230 to 232 of the Companies Act, 2013, read with relevant rules made thereunder.
32. A copy of the Notice along with Explanatory Statement may be obtained from the Registered Office of the Company.

**Sd/-**  
**Sachin Sharma**  
**Advocate**  
**Chairperson**  
**Tribunal Convened**  
**Meeting of Equity Shareholders of**  
**Danlaw Technologies India Limited**

**Date: 16<sup>th</sup> August, 2021**  
**Place: Hyderabad**

**SCHEME OF AMALGAMATION**  
**UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013**  
**BETWEEN**  
**DANLAW TECHNOLOGIES INDIA LIMITED**  
**(TRANSFeree COMPANY)**  
**AND**  
**DANLAW ELECTRONICS ASSEMBLY LIMITED**  
**(TRANSFEROR COMPANY)**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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**(A) PREAMBLE OF THE SCHEME**

This Scheme of Amalgamation is presented under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and it provides for the Amalgamation (as defined hereinafter) of Danlaw Electronics Assembly Limited, "Transferor Company" (as defined hereinafter) into Danlaw Technologies India Limited "Transferee Company" (as defined hereinafter).

The Scheme also provides for various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.

**(B) DESCRIPTION OF THE COMPANIES**

1. M/s. "Danlaw Technologies India Limited" (DTIL) was originally incorporated as a Public Limited Company incorporated in the erstwhile state of Andhra Pradesh (Presently the state of Telangana) under the name and style "Vijaya Growth home Finance Limited" on 03<sup>rd</sup> day of December, 1992, under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 01-15099 of 1992-1993, issued by the Registrar of Companies, Andhra Pradesh. The Company obtained Certificate of Commencement of Business from the Registrar of Companies, Hyderabad, Andhra Pradesh, on 05<sup>th</sup> day of January, 1993. Subsequently the name of the Company was changed from 'Vijaya Growth home Finance Limited' to 'Grow-Tech Software Services Limited' and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh on 01<sup>st</sup> day of January, 1998 after complying with the relevant provisions under the Companies Act, 1956. Subsequently again the name



of the Company was changed from 'Grow-Tech Software Services Limited' to 'Danlaw Technologies India Limited' and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh on 16<sup>th</sup> day of November, 1999 after complying with the relevant provisions under the Companies Act, 1956. The present Corporate Identity Number (CIN) of the Company is L72200TG1992PLC015099, The PAN of the Company is AAACG8334L. (Hereinafter referred to as the "Transferee Company").

The equity shares of Transferee Company are listed and traded on BSE Limited (BSE) bearing BSE Scrip Code DANLAW | 532329. The ISIN of the Transferee Company is INE310B01013.

The registered office of the Transferee Company is situated at Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, India.

The present main objects and other objects of the Transferee Company enable it:

- 1) To carry on the business of developing, supporting and maintaining computer software, providing technical consultancy services, acquiring and marketing technical information, know-how, process, engineering, manufacturing and operating data, plans, layouts, and prints in all areas related to information systems, multimedia, computers, DSP systems & integrated chip tools & design for any person or company in India or abroad.
- 2) To carry on the business of computers, system analysts, programmers, software experts, software designers, system developers, service engineers, contractors, sales representatives, selling agents, merchants, consultants, advisors, hire purchase agents, of all kinds in any form, services, erection, commissioning, servicing and maintenance of computer hardware, software and its peripherals, consultants and advisors for system development and any other business which may seem to the company capable of being conveniently carried on its connection with any of the above business and in particular to act as agents, managers, trustees, system experts and advisors for other companies, corporations, bodies corporate, individuals, firms, association or any other person either in India or abroad.





- 3) To carry on the business of producing, designing research & development, assembling, using, buying, selling, repairing, servicing, renovating, installing, hiring out or letting on hire, leasing and dealing in computer hardware, software, peripherals, stationery, consumables, and accessories, products, components, articles of all types, sizes and kinds within India or abroad.
- 4) To establish and run data processing center, computer hardware and software centers, multimedia centers and to offer consultancy, data processing and other services and jobs that are normally offered by data processing centers, computer centers, multi-media centers to industrial, business and other types of customers and to impart training on electronic data processing, computer hardware and software including multi-media to customers and others. To establish and run data processing centers, computer centers, multi-media centers, to impart education and training on computer hardware and software to students and other professionals in India or abroad
- 5) To acquire from any person or company in India or abroad technical information, know-how, process, engineering, manufacturing and operating data, plans, layouts, and prints useful for design, erection and operation, hardware manufacturing and software development, manufacturing of peripherals, computer consumables and other related articles in the computer trade.
- 6) To give Loans/Advances to any person or persons or Corporation either at interest or without - upon the security of freehold or lease hold property by way of mortgage, or upon marketable security of and in particular to advance money to shareholders in the company, and others, upon the security of or for the purpose of enabling the person borrowing the same to erect, or purchase, or enlarge or repair any land, house or building, or purchase the interest in, or to take a demise for any term or terms of years of any freehold or lease hold property upon such terms and conditions as the company may think fit.
- 7) To establish and develop all sorts of hardware and software services including the services in the areas of web-hosting, web-server, e-commerce, internet, intranet, extranet, dial up services, leased line services, services through cable network, e-mail services, news services, web services, transcription services, Internet service providers including



multimedia facilities and any other computer aided services or solutions including setting up of Gateway Internet Access Services.

The authorized, issued, subscribed and paid-up share capital of Transferee Company as on 31<sup>st</sup> March, 2020, is as follows:

Share Capital	Amount in Rs.
<b>Authorized Capital</b>	
50,00,000 fully paid up Equity Shares of Rs. 10 each	5,00,00,000
<b>Total</b>	<b>5,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
37,07,490 fully paid up Equity Shares of Rs. 10/- each	3,70,74,900
<b>Total</b>	<b>3,70,74,900</b>

Subsequent to 31.03.2020 and till the date of resolution approving the Scheme of Amalgamation by the Board of Directors of the Transferee Company, there has been no change in the capital structure of the Transferee Company.

2. M/s. "Danlaw Electronics Assembly Limited" was originally incorporated as a Public Limited Company incorporated in the state of Goa under the name and style "Titan Timeproducts Limited" on 31<sup>st</sup> July 1991, under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 24-01148 of 1991-1992, issued by the Registrar of Companies, Goa. Subsequently the name of the Company was changed from 'Titan Timeproducts Limited' to 'Danlaw Electronics Assembly Limited' and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Goa on 31<sup>st</sup> July 2018 after complying with the relevant provisions under the Companies Act, 2013. The registered office of the Company was shifted from the State of Goa to the State of Telangana by following the due procedure laid down under the applicable provisions of Companies Act, 2013, upon receiving the confirmation by the Hon'ble Regional Director vide his Order dated 27<sup>th</sup> May, 2020. The PAN of the Company is AABCT1287A. (Hereinafter referred to as the "Transferor Company / DEAL").

The Registered Office of the Transferor Company is presently situated at 3<sup>rd</sup> Floor, Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, India.

The main objects of the Transferor Company are as follows:

1. To carry on the business of designing, engineering, manufacturing, producing, assembling, fabricants, altering, repairing, buying, selling





trading, acquiring, storing, packing, transporting, forwarding, distributing & importing & exporting and disposing of watches, clock, chronometers, horological instruments and other devices for measuring time, and components and Parts thereof (including electronics circuit blocks, dials, hand straps, bracelets, cases, crowns, jewels, crystals, micro motors, button cell lamps), appliances, precision tools, mechanical, electrical, electronic, pneumatic and other types of measuring instruments, spares, machinery, plant and equipment, scientific instruments, musical instruments, entertainment apparatus, sound equipment, ornaments, jewels, diamonds, gold, silver, metal alloys, precision stores of all kinds, electronic components, printed circuit boards, integrated circuits, liquid crystal displays, quartz crystals, resistors, capacitors, cells, piezo elements, elastomers, electronic circuits, logic control circuits, drive systems, electronic subassemblies and systems, stepping motors and parts thereof.

2. To establish, start and promote factories and to render consultancy services and engage in research and development activities and to maintain and render assistance in all and every kind or any description for designing engineering, manufacturing, altering, improving, trading, importing and exporting of all types of items stated in Clause 1 above.

The authorized, issued, subscribed and paid-up share capital of Transferor Company as on 31<sup>st</sup> March, 2020, is as follows:

Share Capital	Amount in Rs.
<b>Authorized Capital</b>	
70,00,000 Equity Shares of Rs. 10/- each	7,00,00,000
<b>Total</b>	<b>7,00,00,000</b>
<b>Issued, Subscribed and Paid-Up Capital</b>	
51,69,675 Equity Shares of Rs. 10/- each	5,16,96,750
<b>Total</b>	<b>5,16,96,750</b>

Subsequent to 31.03.2020 and till the date of resolution approving the Scheme of Amalgamation by the Board of Directors of the Transferor Company, there has been no change in the capital structure of the Transferor Company.

The Transferee Company is the Holding Company of the Transferor Company, holding 70% of the total paid up share capital of the Transferor Company.



The following is the extract of the register of equity shareholders of the Transferor Company showing the latest list of the equity shareholders of the Transferor Company:

Sl. No.	Name of the equity shareholder	No. of equity shares	Face value	Total equity capital	% of Holding
1.	Danlaw Technologies India Limited and its Nominees	36,18,772	10	3,61,87,720	70 %
2.	Danlaw Inc.	15,50,903	10	1,55,09,030	30 %
	<b>Total</b>	<b>51,69,675</b>	<b>10</b>	<b>5,16,96,750</b>	<b>100 %</b>

#### (C) RATIONALE, OBJECTIVE & PURPOSE OF THE SCHEME

- a) The Scheme is presented under section 230 to 232 of the Companies Act, 2013 and it provides for amalgamation of the Transferor Company and into the Transferee Company, resulting in consolidation of business of two Companies in one entity and thereby strengthening the position of the amalgamated entity by enabling it to harness and optimize the synergies of equipments and human resources, which is in the best interest of all the Companies and their respective shareholders.
- b) The Transferee Company is the holding Company of the Transferor Company holding 70% of the total paid up equity share capital of the Transferor Company. In view of the fact that the Transferor Company and the Transferee Company are engaged in the business that is complimentary by way of combing forward and backward integration and keeping in view the synergic advantages resulting out of the amalgamation of the Transferor Company, it is proposed to amalgamate the Transferor Company and Transferee Company into a single company which will lead the amalgamated Company to greater and optimal use of resources. A consolidation of the Transferor Company and the Transferee Company by way of amalgamation would therefore lead to a more efficient utilization of capital, talent pooling and will result in creation of a single larger unified entity in place of various entities under the same management and control, thus resulting in efficient synergies of operations and streamlined business transactions.
- c) The Transferee Company owns IP and The Transferor Company does job work for the IP as a unified vendor. In order to project to OEM vendors,





it becomes easier to project them as one company for the purpose vendor validation. The Transferee Company has to protect its IP while getting job work done from the Transferor Company and if it is the same company, that protection is automatic and hence becomes easier. The Transferee Company is well known in automobile sector. The Transferee Company has relationship with several supply chain vendors abroad for automobile components and will be able to procure them easily, if they both are a combined company. Majority of the orders of the Transferor Company is procured through the Transferee Company in future and hence it makes it easier to operate as one company for better planning. The Transferee Company has extensive design capability and the Transferor Company has extensive manufacturing capability. It becomes best when both are combined in one entity to get the multiplier effect.

- d) The proposed Amalgamation will lead to the benefits such as economies of scale, besides other synergetic advantages particularly in view of the fact that the entire gamut of operations of the combined entity will have greater management focus and increased supervisory control.
- e) The proposed amalgamation will reduce administrative costs and also result in reduction of overheads and other expenses, economies of scale, reduction in administrative and procedural work, enable the amalgamated company to effect internal economies and optimize profitability as also to reduce administrative inefficiencies by reducing duplication of functions.
- f) In order to achieve the objectives as mentioned in clause (a) to (e) above, the Boards of Directors of the Transferor Company and the Transferee Company have proposed to consolidate the Transferor Company and the Transferee Company into a Single Company by assimilating the businesses carried on by the Transferor Company and the Transferee Company.
- g) The Scheme shall be beneficial and in the best interests of the shareholders, creditors and employees of the Transferor Company, the Transferee Company and to the interest of public at large and all concerned.



#### (D) SCOPE OF THE SCHEME

The Scheme of Amalgamation provides for:

1. Amalgamation of Transferor Company into Transferee Company.
2. Various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.
3. This Scheme of Amalgamation has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961, such that:
  - (a) All the properties of Transferor Company, immediately before the amalgamation, become the properties of Transferee Company by virtue of amalgamation.
  - (b) All the liabilities of Transferor Company, immediately before the amalgamation, become the liabilities of Transferee Company by virtue of amalgamation.

#### (E) PARTS OF THE SCHEME:

This Scheme of Amalgamation is explained by dividing it into the following parts:

**PART A:** Deals with Definitions.

**PART B:** Deals with Amalgamation of "DEAL" (Transferor Company) and into "DTIL" (Transferee Company).

**PART C:** Deals with General Terms and Conditions.

#### PART-A

#### DEFINITIONS, EFFECTIVE AND OPERATIVE DATES

##### 1. DEFINITIONS

- 1.1 "Act" or "the Act" means the Companies Act, 2013, read with the rules made thereunder and every modification or re-enactment thereof and references to sections of the Act shall be deemed to mean and include reference to sections enacted in modification or replacement thereof.
- 1.2 "Applicable Law(s)" means any statute, notification, bye-laws, rules, regulations, guidelines, or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions enacted or issued or sanctioned by





any appropriate authority including any modification or re-enactment thereof for the time being in force.

1.3 "Amalgamation" means the blending of the Transferor Company with the Transferee Company.

1.4 "Amalgamating Undertaking" shall mean:

- a) All the assets and properties of the Transferor Company as on the Appointed Date.
- b) All the secured and unsecured debts, liabilities, whether short term or long term contingent liabilities or duties and obligations of the Transferor Company as on the Appointed Date.
- c) Without prejudice to the generality of sub clause (a) above, the Undertaking of the Transferor Company shall include all the assets and properties, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but not limited to land and building, all fixed and movable plant and machinery, vehicles, fixed assets, plant and machinery, capital work in progress, current assets, investments, reserves, provisions, funds, licenses, franchises, registrations, certificates, permissions, consents, approvals, concessions (including but not limited to sales tax concessions, excise duty, services tax or customs, value added tax, goods and service tax and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds, copyrights, patents, trade names, trademarks, track record, good-will and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, leases, leave and license agreements, tenancy rights, premises, ownership flats, hire purchase, lending arrangements, benefits of security arrangements, computers, insurance policies, office equipment, telephones, telexes, facsimile connections, communication facilities, utilities, electricity, water and other service connections, contracts and arrangements, powers, authorities, permits, allotments, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, deposits, reserves, preliminary expenses, benefit of deferred revenue expenditure, provisions, advances, receivables, deposits, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, tax credits, whether granted by state government or central government or any such other authority,



(including but not limited to credits in respect of income-tax, tax on book profits, value added tax, sales tax, service tax, goods and service tax etc.), and other claims and powers, all books of accounts, documents and records of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

- d) All statutory licenses, franchises, approvals, permissions, no-objection certificates, permits, consents, patents, trademarks, tenancies, offices, depots, quotas, rights, entitlements, privileges, benefits of all contracts / agreements / leases (including, but not limited to, contracts / agreements with vendors, customers, government etc.), all other rights (including, but not limited to, right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities), of the Transferor Company as on the Appointed Date.
- e) All staff, workmen and employees engaged in the Transferor Company.
- f) All records, files, papers, information, computer programs, software applications, manuals, data, catalogues, quotations, advertising materials, lists of present and former customers, pricing information and other records, whether in physical form or electronic form of the Transferor Company.

1.5 "Appointed date" means 01.04.2020 (First day of April, Two Thousand and Twenty) or such other date as may be approved by the Hon'ble National Company Law Tribunal at Hyderabad or such other competent authority having jurisdiction to sanction the Scheme. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date.

1.6 "Appropriate Authority" means any applicable central, state or local government, legislative body, regulatory, administrative or statutory authority, agency or commission or department of public or judicial body or authority, including but not limited to Registrar of Companies, Regional Director, Official Liquidator, Securities and Exchange Board of India, Stock Exchange, Foreign Investment Promotion Board, Reserve Bank of India, National Company Law Tribunal etc.,





- 1.7 "Board of Directors" or "Board" in relation to Transferor Company and Transferee Company, as the case may be, shall, unless it is repugnant to the context or otherwise, include any Committee of Directors or any person authorized by the Board of Directors or such Committee of Directors.
- 1.8 "BSE Limited / BSE" means a Company incorporated under the provisions of the Companies Act, 1956, on 08.08.2005, bearing CIN: U67120MH2005PLC155188 and having its registered office situated at 25<sup>th</sup> Floor, P J Towers, Dalal Street, Mumbai, MH 400001. BSE is a recognised stock exchange having nationwide trading terminal.
- 1.9 "Equity Shares" means the equity shares of face value of Rs. 10/- (Rupees Ten only) each of the Transferee Company, or as the case may be, the equity shares of face value of Rs. 10/- (Rupees Ten only) each of any of the Transferor Company as the context may require.
- 1.10 "Transferor Company" means Danlaw Electronics Assembly Limited (DEAL), a Company incorporated under the provisions of the Companies Act, 1956, bearing CIN: U33301GA1991PLC001148 and having its registered office situated at 3<sup>rd</sup> Floor, Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, India.
- 1.11 "Transferee Company" means Danlaw Technologies India Limited (DTIL), a Company incorporated under the provisions of the Companies Act, 1956, bearing CIN: L72200TG1992PLC015099 and having its registered office situated at Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, India.
- 1.12 "Record Date", for the purpose of determining the shareholders of the Transferor Company.
- 1.13 "Registrar of Companies" for the purposes of this Scheme, means the Registrar of Companies at Hyderabad, for the State of Telangana.
- 1.14 "Scheme of Amalgamation" or "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Amalgamation in its present form or with any modifications, imposed or approved or directed by the Board of Directors of Transferee Company and/ or Transferor Company, or by the members or creditors of the Companies involved and /or DSE/SEBI/NCLT or any other appropriate authority.



- 1.15** "SEBI" means the Securities and Exchange Board of India, established on 12.04.1992 (Twelfth day of April One Thousand Nine Hundred and Ninety Two), in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.
- 1.16** "Shareholders" means the persons registered (whether registered owner of the shares or beneficial owner of the shares) as holders of equity shares of Company concerned as the context may require. The word "Shareholder" and "member" are used to denote the same meaning and are used interchangeably.
- 1.17** "Stock Exchanges" means the BSE where the equity shares of Transferee Company are listed and traded. The Designated Stock Exchange (DSE), for the purpose of coordinating with SEBI in relation to obtaining the in-principle approval to the Scheme, shall be BSE.
- 1.18** "Tribunal / NCLT" means the Hon'ble National Company Law Tribunal at Hyderabad or any other appropriate authority having jurisdictions to sanction the Scheme.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961 or any other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

## **PART-B**

### **AMALGAMATION OF DEAL (TRANSFEROR COMPANY) INTO DTIL (TRANSFeree COMPANY)**

#### **SECTION 1: TRANSFER & VESTING OF AMALGAMATING UNDERTAKING**

- 2. Transfer of assets, properties, estates, claims, refunds, debts, duties, liabilities, obligations etc.,**
- 2.1** Subject to the provisions of this Scheme as specified herein and with effect from the Appointed Date, the entire Amalgamating Undertaking of the Transferor Company shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:





- a) The Amalgamating Undertaking of the Transferor Company comprising of business, all assets and liabilities of whatsoever nature and where-so-ever situated, shall, under the provisions of Sections 230 to 232 of the Companies Act, 2013 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in sub clauses (b) (c) and (d) below) be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.
- b) All the Immovable properties, be it freehold or lease hold, of the Transferor Company shall under the provisions of Sections 230 to 232 of the Companies Act, 2013, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the Properties of the Transferee Company.
- c) All the movable assets including but not limited to machineries and equipments, office equipments, computers, software's, IPRs, products, websites, portals, inventories, cash in hand of the Transferor Company capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company.
- d) In respect of movables other than those specified in sub clause (c) above, including, outstanding loans and advances, Investments (whether current or non-current), trade receivables, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and /or be deemed to be transferred to and stand vested in the Transferee Company under the provisions of Sections 230 to 232 of the Companies Act, 2013.
- e) In relation to all licenses, franchises, permissions, approvals, consents, entitlements, sanctions, permits, rights, privileges and licenses including rights arising from contracts, deeds, license instruments and agreements, if any, belonging to the Transferor Company, which require separate documents of transfer including documents for attornment or



endorsement, as the case may be, the Transferee Company will execute the necessary documents of transfer including documents for attornment or endorsement, as the case maybe, as and when required.

- f) All the secured and/or unsecured debts, if any, all liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of account and whether disclosed or undisclosed in the balance sheets of the Transferor Company shall also, under the provisions of Sections 230 to 232 of the Companies Act, 2013, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or restructuring by virtue of which such secured and/or unsecured debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub clause.

It is clarified that unless otherwise determined by the Board of Directors of the Transferee Company, in so far as the borrowings/debts and assets comprising the Transferor Company is concerned:

- (a) the security or charge, if any existing or created in future before the appointed date, for the loans or borrowings of the Transferor Company concerned shall, without any further act or deed, continue to relate to the said assets after the appointed date; and
- (b) the assets of the Transferee Company shall not relate to or be available as security in relation to the said borrowings of the Transferor Companies;
- g) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including credit on account of tax on book profits, sales tax, excise duty, custom duty, service tax, value added tax, goods and service tax and other incentives), granted by any government body, local authority or by any other person and availed by the Transferor Company, the same shall vest with and be available to the Transferee Company on the same terms and conditions.

- 2.2 The Transferee Company shall under the provisions of this Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company, to implement and carry out all formalities and compliances, if required, referred to above.





- 2.3 All the properties or assets of the Transferor Company whether movable or immovable, being transferred pursuant to this Scheme, which are registered and standing in the name of Transferor Company shall, upon the scheme being sanctioned by the Tribunal and becoming effective, be registered in the name of the Transferee Company and the name of the Transferor Company concerned shall be substituted with the name of the Transferee Company in all such certificates of registration, endorsements, records and in revenue/mutation records in case of immovable properties by such appropriate authorities.
- 2.4 Any tax liabilities under the Income-tax Act, 1961, service tax laws, customs law or other applicable laws/ regulations dealing with taxes/ duties / levies of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date, if any, shall be transferred to Transferee Company.
- 2.5 Any refund under the Income-tax Act, 1961, service tax laws or other applicable laws / regulations dealing with taxes/ duties / levies tax due to Transferor Companies consequent to the assessment made on Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 2.6 Upon the Scheme being sanctioned by the Tribunal, with effect from the Appointed Date, all rights, entitlements and powers to revise returns and filings of the Transferor Company under the Income-tax Act, 1961, service tax laws and other laws, and to claim refunds and / or credits for taxes paid, etc. and for matters incidental thereto, shall be available to, and vest with the Transferee Company.
- 2.7 All tax assessment proceedings / appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Companies shall be continued and / or enforced against the Transferor Company until the date of sanction of the Scheme by the Tribunal and from the sanction of the Scheme by the Tribunal, the same shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company concerned.



Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company into the Transferee Company or anything contained in the Scheme.

- 2.8 All the tax payments (including, without limitation payments under the Income-Tax Act, 1961 Service Tax law, and other laws) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly. Further, any tax deducted at source by the Transferor Company on transactions with the Transferee Company, if any, (from Appointed Date till date of sanction of the Scheme by the Tribunal) shall be deemed to be advance taxes paid by the Transferee Company and shall, in all proceedings be dealt with accordingly.
- 2.9 Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company under the Income-tax Act, 1961, service tax laws, or other applicable laws / regulations dealing with taxes/ duties / levies shall be made or deemed to have been made and duly complied with by the Transferee Company.
- 2.10 This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme is sanctioned by the Tribunal, the provisions of the said section of the Income-Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961.

### 3. Validity of existing resolutions, etc. in respect of the prior acts

Upon sanction of this Scheme by the Tribunal, the resolutions of the Transferor Company, as are considered necessary by the Board of Directors of the Transferee Company and which are valid and subsisting on the Appointed Date, shall continue to be valid and subsisting in respect of the





relative acts performed / steps taken prior to the Appointed Date by respective Transferor Company and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then said limits as are considered necessary by the Board of Directors of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

#### 4. Legal Proceedings

- 4.1 Upon the Scheme becoming effective, all legal and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature, if any, by or against any of the Transferor Company pending and/or arising at the Appointed Date, shall be continued and enforced by or against the Transferee Company only, to the exclusion of the Transferor Companies in the manner and to the same extent as it would have been continued and enforced by or against the Transferor Company concerned. On and from the date of sanction of the Scheme by the Tribunal, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Transferor Company concerned in the same manner and to the same extent as it would or might have been initiated by the Transferor Company concerned.
- 4.2 After the Appointed Date, if any proceedings are taken against any of the Transferor Company, the same shall be defended by and at the cost of the Transferee Company.

#### 5. Contracts, deeds and other instruments

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, leave and license agreements, licenses, engagements, certificates, benefits, privileges, entitlements, grants, sanctions, permissions, consents, approvals, concessions, any schemes under which the Transferor Company are registered with the government or any other authorities and incentives (including but not limited to benefits under the Income-Tax Act, 1961, service tax, and other laws), remissions, remedies, subsidies, guarantees, licences and other instruments, if any, of whatsoever nature to which the Transferor Company is a party and which have not lapsed and are subsisting or having effect on date of sanctioning of the Scheme by the Tribunal, shall be in full force, be effective against or in favour (as the case may be) of the Transferee Company, and may be enforced by or against the Transferee Company as



fully and effectually as if, instead of the Transferor Company concerned, the Transferee Company had been a party thereto. The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite restructurings, confirmations or novations, to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

#### 6. Saving of concluded transactions

The transfer of Amalgamating Undertaking under clause 2 above and the continuation of proceedings by or against the Transferee Company under clause 4 above and the effectiveness of the contracts and deeds under clause 5 shall not affect any transactions and proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the date of sanction of the Scheme by the Tribunal, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

#### 7. Staff, workmen and employees

7.1 On the Scheme coming into effect, all staff, workmen and employees of the Transferor Companies in service on the Appointed Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break in their service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company on the Appointed Date.

7.2 It is expressly provided that, in so far as the Gratuity Fund, Provident Fund, Super Annuation Fund, if applicable, Employee's State Insurance Corporation Contribution, Labour Welfare Fund or any other Fund created or existing for the benefit of the staff, workmen and employees of the Transferor Company concerned, upon the Scheme being sanctioned by the Tribunal, the Transferee Company shall stand substituted for the Transferor Company concerned for all the purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to





the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such fund or funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees of the Transferor Company under such Funds and Trusts shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous for the purpose of the said Fund or Funds.

7.3 In so far as the Provident Fund, Gratuity Fund, Superannuation Fund, if applicable, or other Special Scheme(s) / Fund(s) created or existing for the benefit of the employees of the Transferor Company is concerned upon the sanction of this Scheme by the Tribunal, balances lying in the accounts of respective employees of the Transferor Company concerned in the said funds as on the date of sanction of this Scheme by the Tribunal, shall stand transferred from the respective trusts / funds of the Transferor Company to the corresponding trusts / funds set up by the Transferee Company.

**8. Clubbing of authorized share capital of Transferor Company with the authorized share capital of Transferee Company**

8.1 Upon the sanction of this Scheme by the Tribunal, the authorized share capital of the Transferee Company shall automatically stand increased, without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to Registrar of Companies, by the authorized share capital of the Transferor Company amounting to Rs. 7,00,00,000/- (Rupees Seven Crores) comprising of 70,00,000 (Seventy Lakhs) equity shares of Rs. 10/- (Rupees Ten only) each.

8.2 For the purpose of sub clause 8.1 above, the stamp duties and fees paid on the authorized share capital of the Transferor Companies by the respective Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company for clubbing the authorized share capital of the Transferor Company to that extent.

8.3 Upon the sanction of this Scheme by the Tribunal, Clause V of the Memorandum of Association of the Transferee Company shall, without any



further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13, 61, 64 of the Companies Act, 2013 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

"The Authorized Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Twelve Crores only) comprising 1,20,00,000 (One Crore Twenty Lakh ) equity shares of Rs. 10/- (Rupees Ten only) each. The Share Capital of the Company (whether original, increased or reduced) may be sub-divided, consolidated or divided into such classes of shares as may be allowed under law for the time being in force relating to companies with such privileges or rights as may be attached and to be held upon such terms as may be prescribed by the regulations of the Company".

- 8.4 Further, if required, the Transferee Company shall take necessary steps to further increase and alter its Authorized Share Capital suitably to enable it to issue and allot the equity shares required to be issued and allotted by it to the shareholders of the Transferor Company in terms of this Scheme.

#### SECTION 2: CONDUCT OF BUSINESS

9. With effect from the Appointed Date up to the date of sanction of this Scheme by the Tribunal:
- 9.1 The Transferor Company shall carry on and be deemed to have carried on their respective businesses and activities and shall stand possessed of Amalgamating Undertaking, in trust for the Transferee Company and shall account for the same to the Transferee Company.
- 9.2 Any income or profit accruing or arising to the Transferor Company and all costs, charges, expenses and losses or taxes incurred by the Transferor Companies shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.
- 9.3 All liabilities debts, duties, obligations which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Transferee Company.
- 9.4 The Transferor Company shall carry on their respective businesses with reasonable diligence and in the same manner as they have been doing hitherto and the Transferor Company shall not alter or substantially





expand their respective businesses except with the written concurrence of the Transferee Company.

- 9.5 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the central government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and carry on the businesses of the Transferor Company.
- 9.6 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the ancillary and incidental alterations, if any, to be carried out to the Memorandum of Association of the Company as may be required under the Act and there would be no further requirement of obtaining the members approval for such alterations arising pursuant to the sanctioned Scheme.

### SECTION 3: CONSIDERATION

10. The Provisions of this section shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.
- 10.1 Upon sanction of this Scheme by the Tribunal and in consideration of transfer and vesting of the Amalgamating Undertaking of the Transferor Company to the Transferee Company in terms of provisions of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot equity share(s) to the members of the Transferor Company whose names appear in the Register of members as on Record Date, in the following ratio ("Share Exchange Ratio"):
- 03 (Three) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 04 (Four) equity shares of Transferor Company of Rs.10/- each fully paid-up based;
- 10.2 Since the Transferee Company is the Holding Company of the Transferor Company upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the Transferee Company in Transferor Company, shall stand cancelled.



- 10.3 The Audit Committee of the Transferee Company has taken into account the recommendations on the Share Exchange Ratio given by Mr. V Gangadhara Rao N, acting as Registered Valuer, and the fairness opinion provided by M/s. Quintessence Enterprises Pvt. Ltd., acting as the Merchant Banker. On the basis of their evaluation and its own independent judgment, the Audit Committee of the Transferee Company has recommended the Scheme, including the Share Exchange Ratio to the Board of Directors of the Transferee Company.
- 10.4 The Board of Directors of the Transferee Company and the Transferor Company have taken into account the recommendations of the Share Exchange Ratio given by Mr. V Gangadhara Rao N, acting as Registered Valuer, and the fairness opinion provided by M/s. Quintessence Enterprises Pvt. Ltd. in relation to the Share Exchange Ratio.
- 10.5 The Board of Directors of the Transferee Company and the Transferor Company based on the aforesaid advices / opinions and on the basis of their independent judgment and evaluation has come to the conclusion that the Share Exchange Ratio is fair and reasonable and has approved the same at their respective meetings held on 22<sup>nd</sup> August, 2020.
- 10.6 The shares issued to the members of the Transferor Company by the Transferee Company pursuant to sub-clause 10.1 above shall be issued in dematerialized form only by the Transferee Company with such shares being credited to the existing depository accounts of the respective members of the Transferor Company entitled thereto, as per records maintained by the National Securities Depository Limited on the Record Date.
- 10.7 The equity shares to be issued in terms of this clause shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company. The new equity shares shall rank *pari-passu* in all respects, including dividend, with the existing equity shares of the Transferee Company.
- 10.8 The members of the Transferee Company, on approval of the Scheme, shall be deemed to have given their approval under section 62 of the Companies Act, 2013 and other applicable provisions of the Act, for issue of fresh equity shares to the members of the Transferor Company and the Transferee Company will not be required to pass any further resolution for





issue and allotment of shares to the Shareholders of the Transferor Company.

- 10.9 All the equity shares issued pursuant to this Scheme to the members of the Transferor Company shall be listed and/or admitted to trading on the BSE Limited, in accordance with applicable laws.
- 10.10 In case any shareholder's holding in the Transferor Company is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder but shall round off the fractional share, if any, that may arise due to the implementation of clause 10.1 of the Scheme, to the nearest lower Integer.
- 10.11 Upon the sanction of the Scheme by the Tribunal, the shareholders of the Transferor Company shall surrender their share certificates pertaining to the Transferor Company for cancellation thereof to the Transferee Company. Further, notwithstanding anything to the contrary, upon the Scheme being sanctioned by the Tribunal, the share certificates in relation to the shares held by shareholders in the Transferor Company shall be deemed to have been cancelled and shall be of no effect on and from the Record Date.

#### SECTION 4: ACCOUNTING TREATMENT

##### 11. Accounting Treatment in the Books of the Transferee Company:

- 11.1 Upon the sanction of the Scheme by the Tribunal, the Transferee Company shall record the assets and liabilities of the Transferor Companies transferred to the Transferee Company pursuant to this Scheme and account for the amalgamation of the Transferor Company pursuant to this Scheme in accordance with Indian Accounting Standard 103 (Ind - AS 103) and /or any other applicable Ind - AS notified under Companies (Indian Accounting Standards) Rules, 2015, and/or any other applicable guidance, as amended from time to time.,
- 11.2 Inter-corporate deposits/loans and advances, if any, outstanding between the Transferee Company and any of the Transferor Company inter-se shall stand cancelled and there shall be no further obligation / outstanding in that behalf. Any difference arising on such cancellation should be adjusted in the reserves of the Transferee Company.



11.3 In case of any differences in accounting policy between the Transferor Companies and Transferee Company, the accounting policies followed by Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted against Profit and Loss Account, to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.

11.4 Notwithstanding the above, the Transferee Company in consultation with its Auditors, is authorized to account for any of this balances in any manner, whatsoever if considered appropriate.

## 12. Dissolution of the Transferor Company

On the Scheme coming into effect, the Transferor Company (i.e. DEAL) shall, without any further act or deed, stand dissolved without going through the process of winding up.

## PART - C GENERAL TERMS AND CONDITIONS

## 13. Impact of the Scheme on creditors

This Scheme of Amalgamation, if approved by the appropriate authorities and the Tribunal, shall not have any adverse impact on the Creditors whether secured or unsecured, of Transferee Company and / or any of the Transferor Company.

## 14. Dividends

14.1 Nothing contained in this Scheme shall be construed as restricting or restraining any of the Companies from being entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders, whether during the pendency of the Scheme or otherwise.

14.2 The holders of the Equity Shares of the Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under the Articles of Association of the respective Company concerned including the right to receive dividends.

14.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of any Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Boards of Directors of the respective Companies and subject to the approval of the shareholders of the respective Companies.





#### 15. Filing of applications / petitions with the Tribunal

The Transferee Company and the Transferor Company, with all reasonable diligence, make and file all necessary applications, affidavits, petitions etc., before the Hon'ble National Company Law Tribunal/ before any other competent authority having jurisdiction over the Scheme, as the case may be, for obtaining the sanction to this Scheme of Amalgamation under Sections 230 to 232 of the Companies Act, 2013 and each of them shall apply for all necessary approvals as may be required under law.

#### 16. Modifications to the Scheme

16.1 The Transferee Company and Transferor Company by their respective Board of Directors or any Committee thereof or any Director authorized in that behalf (hereinafter referred to as the "Delegate") may assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the Tribunal or any appropriate authority (ies) under law may deem fit to approve or impose and which Transferee Company and Transferor Company may in their discretion accept or such modifications or amendments or additions as Transferee Company and Transferor Company or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise for carrying out this Scheme, and Transferee Company and Transferor Company by its Boards of Directors or Delegate are hereby authorized to do, perform and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the Tribunal or any authorities, which Transferee Company and Transferor Company find unacceptable for any reason, then Transferee Company and Transferor Company shall be at liberty to withdraw the Scheme. The aforesaid powers of Transferee Company and Transferor Company may be exercised by their respective Delegates.

16.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of Transferee Company and Transferor Company may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever



connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors of the respective Companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those conditions (to the extent permissible under law).

#### 17. Scheme Conditional Upon

17.1 This Scheme is conditional upon and subject to:

- (i) In-principle approval / Observation Letter from the Stock Exchanges being obtained.
- (ii) The Scheme being approved by a shareholder's resolution of Transferee Company passed by way of postal ballot and e-voting, provided that the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.
- (iii) It being agreed to by the respective requisite majorities of members of Transferee Company and Transferor Company as required under the Act and the requisite orders of the Tribunal being obtained.
- (iv) It being agreed to by the respective requisite majorities of creditors and the various classes of creditors (wherever applicable) of the Transferee Company and Transferor Company as required under the Act and the requisite orders of the Tribunal being obtained.
- (v) The requisite sanctions and approvals, as may be required by law in respect of this Scheme being obtained; and

17.2 In the event of this Scheme failing to take effect before 30<sup>th</sup> day of September, 2021, or such later date as may be agreed by the respective Boards of Directors of Transferee Company and Transferor Company, this Scheme shall stand revoked, cancelled and be of no effect and become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the Companies or their shareholders or creditors or employees or any other person. In such case, both the Companies shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed.

#### 18. Effect of non-receipt of approvals



In the event of any of the said sanctions and approvals referred to in clause 17 above not being obtained (unless otherwise decided by the Board of Directors) and / or the Scheme not being sanctioned by the Tribunal or such other competent authority as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

**19. Severability**

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall subject to the decision of Transferee Company and Transferor Company, not affect the validity or implementation of the other parts and / or provisions of this Scheme.

**20. Costs, charges, etc.**

All costs, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid by Transferee Company.





**QUINTESSENCE ENTERPRISES PVT. LTD.**  
**SEBI Registered Category-I Merchant Banker**



**The Board of Directors,**  
DANLAW TECHNOLOGIES INDIA LIMITED  
Plot no.43, Sagar Society,  
Road No.2, Banjara Hills, Hyderabad - 500034

22<sup>nd</sup> August, 2020.

and

**The Board of Directors**  
DANLAW ELECTRONICS ASSEMBLY LIMITED,  
Plot no.43, 3<sup>rd</sup> Floor, Sagar Society,  
Road No.2, Banjara Hills, Hyderabad - 500034

**( CONFIDENTIAL )**

**Dear Members of the Boards,**

Re: Fairness opinion on the Share Exchange ratio pursuant to the scheme of Amalgamation in the matter of amalgamation of M/s. Danlaw Electronics Assembly Limited, (hereinafter referred to as "DEAL" or "Transferor Company") which is a subsidiary of DTIL with M/s. Danlaw Technologies India Limited, (hereinafter referred to as "DTIL" or "Transferee Company") under Sections 230 to 232 of the Companies Act, 2013 and applicable SEBI Guidelines, Regulations including SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time, SCRR and the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and CFD/DIL3/CIR/2018/2 dated January 3, 2018 together referred to as "SEBI Circulars".



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## I. ENGAGEMENT BACKGROUND

We understand that the Board of Directors of M/s Danlaw Technologies India Limited ,(hereinafter referred to as "DTIL" or "Transferee Company") and M/s. Danlaw Electronics Assembly Limited ,(hereinafter referred to as "DEAL" or "Transferor Company") are considering a merger of DEAL into DTIL. DEAL is a subsidiary of DTIL. The proposed merger is to be carried out pursuant to a Scheme of Amalgamation ("Scheme") under the relevant sections of the Companies Act, 2013, as may be applicable.

We understand from the management of DTIL that, pursuant to the proposed merger, the equity shareholders of DEAL will be issued / allotted shares of DTIL, as per the share exchange ratio mentioned in the valuation report. The terms and conditions of the proposed merger are fully set out in Draft Scheme documents shared with us ("Draft Scheme Document"), the final version of which will be filed by the aforementioned companies with the appropriate authorities.

We further understand that the share exchange ratio for the proposed transaction has been arrived at based on the valuation report dated 22<sup>nd</sup> August, 2020 by CA. V Gangadhar Rao N, Registered Valuer-Securities or Financial Assets No: IBBI/RV/06/2019/10709 who has been independently appointed for this exercise by DTIL.

Based on our perusal of the valuation report dated 22<sup>nd</sup> August, 2020 prepared by the Valuer, we understand that it has been proposed that pursuant to the amalgamation of DEAL into DTIL, the Share exchange ratio arrived at is 0.75:1

Accordingly 0.75 equity shares of M/s. Danlaw Technologies India Limited (Transferee Company) of Rs. 10/- each fully paid up will be issued to M/S Danlaw INC of USA for every 1 equity shares held in M/s. Danlaw Electronics Assembly Limited (Transferor Company) of Rs 10 each fully paid up.

In connection with the aforesaid, you requested our opinion ("Opinion"), as of the date hereof, as to the fairness of the share exchange ratio, as proposed by the Valuer, from a financial point of view, to the shareholders of DTIL and DEAL.





## II. MERCHANT BANKER - QUINTESSENCE ENTERPRISES PRIVATE LIMITED (QEPL)

QEPL formed in 1999, is a Category I, Merchant Banking Company, based in Hyderabad, Telangana, having its Registered and Corporate office at 6-3-542/1, Flat No.502, 5th Floor, Golden Green Apartments, Erramanzil Colony, Hyderabad - 500 082. Phone: 040 - 23398744

It is a SEBI registered Merchant Banker with Registration Code INM000011997 in terms of Regulation 8 of SEBI (Merchant Bankers) Regulations, 1992.

## III. BACKGROUND OF THE COMPANIES

### 1. DTIL

M/s. "Danlaw Technologies India Limited" (DTIL) was originally incorporated as a Public Limited Company incorporated in the erstwhile state of Andhra Pradesh (Presently the state of Telangana) under the name and style "Vijaya Growth home Finance Limited" on 03rd day of December, 1992, under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 01-15099 of 1992-1993, issued by the Registrar of Companies, Andhra Pradesh (Presently the state of Telangana). The Company obtained Certificate of Commencement of Business from the Registrar of Companies, Hyderabad, Andhra Pradesh, (Presently the state of Telangana) on 05th day of January, 1993. Subsequently the name of the Company was changed from 'Vijaya Growth home Finance Limited' to 'Grow-Tech Software Services Limited' and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh (Presently the state of Telangana) on 01st day of January, 1998 after complying with the relevant provisions under the Companies Act, 1956. Subsequently again the name of the Company was changed from 'Grow-Tech Software Services Limited' to 'Danlaw Technologies India Limited' and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Andhra Pradesh (Presently the state of Telangana) on 16th day of November, 1999 after complying with the relevant provisions under the Companies Act, 1956. The present Corporate Identity Number (CIN) of the Company is L72200TG1992PLC015099. The PAN of the Company is AAACG8334L. (Hereinafter referred to as the "Transferee Company").





The registered office of the Transferee Company is situated at Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad -500034, India.

Danlaw Tech is in the Computers - Software - Medium & Small sector. Core strength of Danlaw Technologies India Limited is development activities that encompass complete project cycles from feasibility study to requirements, design, coding, testing, implementation and customization. Products and services offered by the company are : Automotive i.e.Flight Recorder ,Vehicle Tester and Real Time Car Tester, Digital Signal Processing i.e. Acoustic Echo Canceller, Line Echo Canceller,Modems, FFT,Voice/Data/Fax Multiplexer, etc; Information Technology and Intelligent Security Solutions,

DTIL, which is leading global supplier of technology & services to automotive & aerospace industries.

The equity shares of Transferee Company are listed and traded on BSE Limited(BSE) bearing BSE Scrip Code DANLAW | 532329. The ISIN of the Transferee Company is INE310B01013.

## 2. DEAL

M/s. "Danlaw Electronics Assembly Limited" was originally incorporated as a Public Limited Company incorporated in the state of Goa under the name and style "Titan Time products Limited" on 31st July 1999, under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 24-01148 of 1991-1992, issued by the Registrar of Companies, Goa. Subsequently the name of the Company was changed from 'Titan Time products Limited' to 'Danlaw Electronics Assembly Limited' and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, Goa on 31st July 2018 after complying with the relevant provisions under the Companies Act, 2013. The registered office of the Company was shifted from the State of Goa to the State of Telangana by following the due procedure laid down under the applicable provisions of Companies Act, 2013, upon receiving the confirmation by the Honourable Regional Director vide his Order



dated 27<sup>th</sup> May, 2020. The PAN no of the Company is AABCT1287A.(Hereinafter referred to as the "Transferor Company / DEAL").

The Registered Office of the Transferor Company is presently situated at 3<sup>rd</sup> Floor, Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad -500034, India.

#### IV. BASIS OF OPINION

The rationale for the Scheme as shared with us by the Company's management is based on inter-alia the following benefits:

- Consolidation of business of two Companies in one entity and thereby strengthening the position of the amalgamated entity by enabling it to harness and optimize the synergies of equipments and human resources, which is in the best interest of both the Companies and their respective shareholders.
- The Transferee Company is the holding Company of the Transferor Company holding 70% of the total paid up equity share capital of the Transferor Company. In view of the fact that the Transferor Company and the Transferee Company are engaged in the business that is complimentary by way of combing forward and backward integration and keeping in view the synergic advantages resulting out of the amalgamation will lead to greater and optimal use of resources, more efficient utilization of capital, talent pooling resulting in creation of a single larger unified entity in place of two entities under the same management and control, thus resulting in efficient synergies of operations and streamlined business transactions.





- The Transferee Company owns IP and The Transferor Company does job work for the IP as a unified vendor. In order to project to OEM vendors, it becomes easier to project them as one company for the purpose vendor validation. The Transferee Company has to protect its IP while getting job work done from the Transferor Company and if it is the same company, that protection is automatic and hence becomes easier. The Transferee Company is well known in automobile sector. The Transferee Company has relationship with several supply chain vendors abroad for automobile components and will be able to procure them easily, if they both are a combined company. Majority of the orders of the Transferor Company is procured through the Transferee Company in future and hence it makes it easier to operate as one company for better planning. The Transferee Company has extensive design capability and the Transferor Company has extensive manufacturing capability. It becomes best when both are combined in one entity to get the multiplier effect.
- Benefits of economies of scale and other synergetic advantages particularly in view of the fact that the entire gamut of operations of the combined entity will have greater management focus and increased supervisory control.
- Reduction of administrative costs, overheads and other expenses, reduction in administrative and procedural work, will enable the amalgamated company to effect internal economics and optimize profitability and also reduce administrative inefficiencies by reducing duplication of functions.
- The Scheme shall be beneficial and in the best interests of the shareholders, creditors and employees of the Transferor Company, the Transferee Company and in the interest of public at large.



### The main features of the Scheme provided to us through the Scheme

- In terms of provisions of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot equity share(s) to the members of the Transferor Company whose names appear in the Register of members as on Record Date, in the "Share Exchange Ratio"
- Since the Transferee Company is the Holding Company of the Transferor Company upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the Transferee Company in Transferor Company, and they shall stand cancelled.
- On the Scheme coming into effect, the Transferor Company ( DEAL) shall, without any further act or deed, stand dissolved without going through the process of winding up.

## V. REVIEW OF INFORMATION

Our Opinion and analysis is limited to the review of documents provided to us :

1. A copy of the Incorporation Certificate, Memorandum and Articles of Association of DTIL and DEAL.
2. Audited financial statements of DTIL and DEAL for the years ended March 31, 2019 and 2020.
3. Financial Projections of DEAL including profit & loss account, balance sheet and cash flow analysis for the financial years ending March 31, 2021 to 2025.
4. A Note on the Companies and Industry.
5. Valuation Report dated 22<sup>nd</sup> August, 2020 by CA. V Gangadhar Rao N, Registered Valuer-Securities or Financial Assets IBBI No: IBBI/RV/06/2019/10709





6. Consideration of publicly available data on DTIL since it is a listed company.
7. Clarifications from the Valuer, in relation to the working details.
8. Information and clarification from the management of DTIL.

We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us.

#### VI. FAIRNESS OPINION:

As per the Valuation Report dated 22<sup>nd</sup> August, 2020 by CA. V Gangadhar Rao N, Registered Valuer-Securities or Financial Assets IIBBI No: IIBBI/RV/06/2019/10709 having his office at Flat No.103, Swarna Arcade, Road No.18, Panchavati Colony, Manikoda Hyderabad-500089 the Share exchange ratio arrived at is 0.75:1 is considered equitable and appropriate.

Accordingly 0.75 equity share of M/s. Danlaw Technologies India Limited (Transferee Company) of Rs. 10/- each fully paid up will be issued to M/S Danlaw INC of USA, for every 1 equity share held in M/s. Danlaw Electronics Assembly Limited (Transferor Company) of Rs 10 each fully paid up.

Based on the facts, information and explanations relevant in the present case, our examination of the Valuation Report and our independent analysis and evaluation of such information and subject to the scope limitations and caveats as mentioned herein below and to the best of our knowledge and belief we Quintessence Enterprises Private Limited are of the opinion that the share entitlement ratio of equity shares of DEAL and DTIL pursuant to the Proposed Amalgamation Scheme is fair.

#### VII. LIMITATION AND CAVEATS OF THE FAIRNESS OPINION

1. It is the responsibility of the Board of Directors of the companies for ensuring compliances in connection with the proposed proposal. Our role is to examine the Valuation carried out by the Registered Valuer and comment on the Fairness of the same.



2. Our fairness opinion is based on the information made available to us by the management of DTIL and DEAL. Any subsequent changes to the financial and other information provided to us, may affect the result of value analysis set out in this report. We have reviewed the information made available to us for over all consistency but have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the company. Our Fairness Opinion should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
3. The information contained in this report is selective and is subject to updations expansions, revisions and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.
4. In rendering this Opinion, QEPL has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly QEPL does not assume any responsibility in respect thereof. Further QEPL has assumed that the proposal will be implemented on the terms and conditions as set out without any material changes to or waiver of its terms and conditions.
5. That in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Scheme.
6. We further declare that we do not have any direct or indirect interest in the Companies / assets valued.
7. This report is intended only for the sole use and information of the companies and its shareholders only in connection with the Amalgamation including for the purpose of obtaining judicial and regulatory approvals for the same.





8. We are not responsible in any way to any other person/party for any decision of such person or party based on this report. Any person /party intending to provide finance / invest in the shares / business of any of the companies or their subsidiaries / joint venture / associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedure to ensure that they are making an informed decision.
9. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposal as aforesaid can be done only with our prior permission in writing.
10. Our analysis and conclusions are also specific to the date of this report and based on information as on the valuation date. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses. And any other matter, which may have an impact on our opinion, on the Equity Share Exchange Ratio for the Proposed Amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date for the proposal.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We express no view or opinion as to any terms or other aspects of the Scheme  
(other than the Share Exchange Ratio, from a financial point of view)

It may further be noted that in no circumstances shall the liability of Quintessence Enterprises Private Limited (QEPL), its directors or employees related to the service provided in connection with this value analysis, exceed the amount paid to us as our fees for this opinion.



We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Fairness Opinion Report.

Thanking you,

Yours faithfully,

For and on behalf of  
**Quintessence Enterprises Private Limited**

*Lavanya Chandra*

Lavanya Chandra  
Executive Director  
Hyderabad.  
22<sup>nd</sup> August, 2020



Encl (1): Valuation Report by the Registered Valuer dated 22<sup>nd</sup> August ,2020





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# VALUATION REPORT

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In relation to the proposed Amalgamation of  
M/s. Danlaw Electronics Assembly Ltd.

WITH

M/s. Danlaw Technologies India Limited  
(Transferee Company)

B.COM, FCA  
Registered Valuer  
(Securities or Financial Assets)  
To  
The Board of Directors  
Danlaw Technologies India Limited  
Plot no.43, Sagar Society,  
Road No.2, Banjara Hills, Hyderabad - 500034

Dear Sir/Madam,

I, Mr. V Gangadhara Rao N (hereinafter referred to as the "Valuer" or "We"), enclose our report (the "Report") prepared in connection with the services requested for arriving share Exchange ratio for the purpose of proposed amalgamation of M/s. Danlaw Electronics Assembly Ltd (Transferor Company) with M/s. Danlaw Technologies India Limited (Transferee company) in accordance with the terms of our engagement letter and the discussions we had and the information that we have received from the Management of the M/s. Danlaw Technologies India Limited (Transferee company) and M/s. Danlaw Electronics Assembly Ltd (Transferor Company). We have performed our analysis of the company on a going concern basis as at 1<sup>st</sup> April, 2020.

This report is confidential to the company and is subject to the restrictions on use specified in the report. Any person who is not the addressee of this report is not authorized to have access to this report. Our report is subject to Statement of Limiting Conditions mentioned hereinafter. We draw your attention to the sections titled 'Statement of Assumptions and Limiting Conditions' included in this report.

Thanking You

V. Gangadhara Rao N

V Gangadhara Rao N

Registered Valuer

(Securities or Financial Assets)



B.COM, FCA

Registered Valuer

(Securities or Financial Assets)

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B.COM, FCA  
Registered Valuer  
(Securities or Financial Assets)

SECTION - I VALUATION SUMMARY

<b>The Engagement:</b>	I, Mr. V GANGADHARA RAO N., REGISTERED VALUER (Securities or Financial Assets) Hyderabad, have been appointed by M/s. Danlaw Technologies India Limited for carrying out the valuation in relation to the proposed amalgamation of M/s. Danlaw Electronics Assembly Ltd. (Transferor Company) with M/s. Danlaw Technologies India Limited (Transferee Company). As per the engagement of valuation, we issued this valuation report, dated 22 <sup>nd</sup> August, 2020, summarized herein, including the appendices. This Valuation Report is subject to the Statement of assumptions and limiting conditions contained in Appendix A.
<b>Purpose of Valuation:</b>	The purpose of this valuation is to determine the share exchange ratio for the proposed amalgamation of M/s. Danlaw Electronics Assembly Ltd. (Transferor Company) into M/s. Danlaw Technologies India Limited (Transferee Company).
<b>Premise of Value:</b>	The Companies are valued on "going-concern" basis.
<b>Valuation Date :</b>	31 <sup>st</sup> March, 2020

Share exchange ratio

Valuation Approach	Danlaw Technologies India Limited(Transferee Company)			Danlaw Electronics Assembly Limited(Transferor Company)		
	Value Per share	Weight	Value Per Share	Value Per share	Weight	Value Per Share
Asset Approach	NA		-	28.11	50%	14.05
Income Approach	NA		-	92.06	25%	23.01
Market Approach	56.71	1	56.71	22.13	25%	5.53
<b>Relative Value Per Share</b>			<b>56.71</b>			<b>42.60</b>
<b>Share Exchange Ratio</b>						<b>0.75</b>

In view of the above, for the purpose of discharging consideration for the proposed Amalagamation the Share Exchange ratio is **0.75:1** is considered equitable and appropriate. Accordingly M/s. Danlaw Technologies India Limited shall issue 0.75 shares for every 1 share held by M/s. Danlaw INC in M/s. Danlaw Electronics Assembly Limited (Transferor Company).







SECTION- II APPOINTMENT FOR DETERMINATION OF  
VALUE & EXCHANGE RATIO

I, MR. V GANGADHARA RAO N .,Registered Valuer, (Securities or Financial Assets) Hyderabad, have been appointed by M/s. Danlaw Technologies India Limited (Transferee company) to undertake the valuation to determine the share exchange ratio for the proposed amalgamation of the Danlaw Technologies India Limited (Transferee company) and M/s. Danlaw Electronics Assembly Ltd (Transferor Company)

The proposed amalgamation is in accordance with the Scheme of Amalgamation presented under sections 230 to 232 and other relevant provisions of the Companies Act, 2013, to the extent applicable. M/s. Danlaw Technologies India Limited (Transferee Company) will discharge the consideration for amalgamation to the Shareholders of the Transferor Companies on the basis of the share exchange ratio determined as per this valuation report.





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~~SCOPE OF ENGAGEMENT~~  
(Securities or Financial Assets)

While performing the valuation exercise, an examination and analysis has been carried out in respect of following aspects of the activities, of the companies such as:

- Background of the companies
- Historical performance and financial position based on Audited financial statements of both Transferor and Transferee companies for the year ended 31<sup>st</sup> March, 2020.

**Source of Information**

For the purpose of the valuation exercise, we have relied upon the following sources of information and/ or documents as provided by the management of the Companies.

- Audited financial statements of the Companies for financial year ended 31<sup>st</sup> March, 2019 and Audited Financial statements of the Companies for the year ended 31<sup>st</sup> March 2020;
- Memorandum and Articles of Association of the Companies;
- Draft Scheme of Amalgamation between Transferor and Transferee Companies and their respective shareholders and creditors (hereinafter referred to as 'Draft Scheme');
- Management certified shareholding pattern of the Companies as on 31<sup>st</sup> March, 2020;
- Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects and other relevant information and data; and
- Such other information and explanations as we required and which have been provided by the management of the Companies.



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(Securities or Financial Assets)

**SECTION- III BACKGROUND OF THE COMPANIES INVOLVED  
IN AMALGAMATION**

M/S. DANLAW ELECTRONICS ASSEMBLY LTD. (Transferor Company)

**M/S. Danlaw Electronics Assembly Ltd.** was incorporated on 31-07-1991 and Registered office is located at 3<sup>rd</sup> Floor, Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, India. It is engaged in business of manufacturing wide range of Electronic Services for Automotive, Medical, industrial Control & instrument Sector.

**Danlaw Electronics Assembly Ltd ( DEAL )** a subsidiary company of **Danlaw Technology India Ltd.** Before takeover by Danlaw Technology India Ltd, DEAL was known as **Titan Time Product Ltd, ( TTPL)** was a 100% subsidiary of TCL . DEAL specializes in manufacturing of electronic-board assemblies for industries such as automotive, industrial electronics, telecommunication, consumer goods, medical, and defense.

Company has received certification of IATF 16949:2016 certification in 2018, OHSAS 18001 Certification in 2012, ISO 9000 since 2001. Besides this company has been bestowed following awards for its quality product, timely delivery a. Award for Best Development: Dura Auto Systems Pvt Ltd in 2014 b. Award for Best Quality Supplier: IJL Pvt Ltd. In 2016 c. Award for Best Delivery Performance: IJL Pvt Ltd. In 2017.

Though TTPL entered in EMS industries, Management of TTPL retained their focus on watch PCBA. They were not so keen on acquiring non watch business. And in June 2018 Management of Titan took decision to sell the unit to DTIL. In June, 2018 , Titan Time Products Ltd became a subsidiary company of DTIL, which is leading global supplier of technology & services to automotive & aerospace industries.

As DTIL has been involved in space of connected vehicles for a long period. Since June 2018 cleared various audits required by OEM like Ashok Leyland, Royal Enfield, Bajaj, Molbio, Godrej, Mahindra & Mahindra, Godrej, Mahindra & Mahindra and got empanelled in their suppliers list. DEAL also started to work on new projects of these companies from design stage & some of designs moved to final production. Investments were made to increase capacity, adoption of new technology for production, accreditation of various certificates, tie up with top OEMs insured that DEAL will make the business profitably.





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Registered Valuer  
(Securities or Financial Assets)

Particulars	Amount (In Rs.)
Authorized Share Capital	
70,00,000 Equity Shares of Rs.10/- each	7,00,00,000
Issued, Subscribed and Paid Up Share Capital	
51,69,675 Equity Shares of Rs.10/- each	5,16,96,750

Shareholding Pattern as on 31<sup>st</sup> March, 2020

S. No.	Name of the Shareholders	No. of Shares	% of Shareholding
1	Danlaw Technologies India Ltd and its Nominees	36,18,772	70%
2	Danlaw Inc.	15,50,903	30%
<b>TOTAL</b>		<b>51,69,675</b>	<b>100</b>



B.COM, FCA  
 Registered Valuer  
 (Securities or Financial Assets)  
 M/s. DANLAW TECHNOLOGIES INDIA LIMITED  
 (Transferee Company)

M/s. **Danlaw Technologies India Limited** was incorporated on 03-12-1992. The registered office of the company is located at Plot No.43, Sagar Society, Road No.2, Banjara Hills HYDERABAD TG 500034 IN.

Danlaw Technologies India Limited (DTIL) has been founded by Mr. Raju S. Dandu and his associates as offshore technology and product development center to give Danlaw group a 24x7 market presence in a high skills environment.

The Danlaw legacy bestowed on DTIL, an international presence, in-place quality processes and a network of stable relationships right at its inception. The guiding philosophy at DTIL is to constantly strive to move up the chain of technology and value, from services to products with strong R&D competence. This is the unambiguous roadmap of DTIL, constantly validated in its record of existence.

DTIL is governed by an expert board of directors supported by a highly qualified management team, which in turn is supported by a world class HR, Finance, Secure Server Network Administration teams. DTIL is presently engaged in four IT and Engineering activities, e.g. Research and Development, Engineering and Industrial Automation, Information Technology and Intelligent Security. All groups are headed by high-achievers in their respective fields in global markets.

Core strength of DTIL is that development activities encompass complete project cycles from feasibility study to requirements, design, coding, testing, implementation and customization. This single-roof expertise has led to consolidation of existing partnerships and customers and arrival of new ones, which is reflected in the rate of activity expansion of the company as well as its financial strength. We are committed to keep it this way.

Danlaw Technologies India Limited (DTIL) is a Public Limited Company. It is listed on the Bombay Stock Exchanges. It is also registered as a 100% Export Oriented Unit under the Software Technology Parks of India, Hyderabad.

**Capital Structure**



PARTICULARS	AMOUNT (In Rs.)
Authorized Share Capital	
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000
Issued, Subscribed and Paid Up Share Capital	
37,07,490 Equity Shares of Rs.10/- each	3,70,74,900



**SECTION IV - INTEGRATION VIA AMALGAMATION****OBJECTS & RATIONALE OF THE SCHEME OF AMALGAMATION**

- a) The Scheme is presented under section 230 to 232 of the Companies Act, 2013 and it provides for amalgamation of the Transferor Company and into the Transferee Company, resulting in consolidation of business of two Companies in one entity and thereby strengthening the position of the amalgamated entity by enabling it to harness and optimize the synergies of equipments and human resources, which is in the best interest of all the Companies and their respective shareholders.
- b) The Transferee Company is the holding Company of the Transferor Company holding 70% of the total paid up equity share capital of the Transferor Company. In view of the fact that the Transferor Company and the Transferee Company are engaged in the business that is complimentary by way of combing forward and backward integration and keeping in view the synergic advantages resulting out of the amalgamation of the Transferor Company, it is proposed to amalgamate the Transferor Company and Transferee Company into a single company which will lead the amalgamated Company to greater and optimal use of resources. A consolidation of the Transferor Company and the Transferee Company by way of amalgamation would therefore lead to a more efficient utilization of capital, talent pooling and will result in creation of a single larger unified entity in place of various entities under the same management and control, thus resulting in efficient synergies of operations and streamlined business transactions.
- c) The Transferee Company owns IP and The Transferor Company does job work for the IP as a unified vendor. In order to project to OEM vendors, it becomes easier to project them as one company for the purpose vendor validation. The Transferee Company has to protect its IP while getting job work done from the Transferor Company and if it is the same company, that protection is automatic and hence becomes easier. The Transferee Company is well known in automobile sector. The Transferee Company has relationship with several supply chain vendors abroad for automobile components and will be able to procure them easily, if they both are a combined company. Majority of the orders of the Transferor Company is procured through the Transferee Company in future and hence it makes it easier to operate as one company for better planning. The Transferee Company has extensive



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Registered Valuer

(Securities or Financial Assets)  
design capability and the Transferor Company has extensive manufacturing capability. It becomes best when both are combined in one entity to get the multiplier effect.

- d) The proposed Amalgamation will lead to the benefits such as economies of scale, besides other synergetic advantages particularly in view of the fact that the entire gamut of operations of the combined entity will have greater management focus and increased supervisory control.
- e) The proposed amalgamation will reduce administrative costs and also result in reduction of overheads and other expenses, economies of scale, reduction in administrative and procedural work, enable the amalgamated company to effect internal economies and optimize profitability as also to reduce administrative inefficiencies by reducing duplication of functions.
- f) In order to achieve the objectives as mentioned in clause (a) to (e) above, the Boards of Directors of the Transferor Company and the Transferee Company have proposed to consolidate the Transferor Company and the Transferee Company into a Single Company by assimilating the businesses carried on by the Transferor Company and the Transferee Company.

The Scheme shall be beneficial and in the best interests of the shareholders, creditors and employees of the Transferor Company, the Transferee Company and to the interest of public at large and all concerned.





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~~Date of Valuation and Exchange Ratio  
(Securities or Financial Assets)~~

The proposal of amalgamation of business of M/s. Danlaw Electronics Assembly Limited(Transferor Company) with the business of M/s. Danlaw Technologies India Limited (Transferee Company) has been considered with effect from 1<sup>st</sup> April, 2020 (Hereinafter referred as "Appointed date").

In the process of Amalgamation, it is necessary to determine the value of share of the Danlaw Electronics Assembly Limited (Transferor Company) & M/s. Danlaw Technologies India Limited (Transferee Company) to ascertain the share exchange ratio.

For determining the share exchange ratio, we have relied upon the Operating results, financial position and other information of the companies for the financial year ended 31<sup>st</sup> March, 2020.

Hence, the relevant date of valuation for the purpose of determining share exchange ratio is considered as 31<sup>st</sup> March, 2020 to reflect the fair valuation of the Equity Shares of Transferor and Transferee Companies. To arrive at the fair value of equity shares of companies and to determine the share exchange ratio of the Equity Shares we have relied upon the facts and figures and other information of the companies' up to the relevant date of valuation i.e., 31<sup>st</sup> March, 2020



SECTION V- BASIS OF VALUE & PREMISE OF VALUE

BASIS OF VALUE

The basis of value used for determination of value is the Fair Value. The Fair Value is defined as "the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts."

PREMISE OF VALUE

There are two main premises of value in a business valuation, Going-concern value and Liquidation value. The *International Glossary* defines premise of value as "an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation, e.g., going concern, liquidation. This premise is based on facts and circumstances existing on the valuation date. Going-concern value defined by The International Glossary as "the value of a business enterprise that is expected to continue to operate into the future". Hence, we have considered going concern premise and according to which the business enterprise will continue to carry its operations in future and it has no intention to stop its activities in the near future.



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SECTION VI - VALUATION APPROACHES & METHODOLOGY  
(Securities or Financial Assets)**Valuation Approaches**

Broadly, there are three acceptable methods to reasonably value any asset or property:

- The Market approach
- The Income approach
- The Cost approach

The above approaches have, over the course of time, been generally accepted by the business, financial & legal community across the world as the preferred & reliable indicators of fair value.

**The Market Approach**

The Market approach tries to identify comparable transactions for similar assets in the same industry and of similar relative size, and seeks to use the identified comparables as a value proxy for the asset to be valued.

The comparable company approach may often use an analysis of publicly traded companies similar in industry and/or business model to the Company to develop benchmark multipliers.

This approach uses the analysis of guideline companies to develop relevant market multiples and ratios such as revenues, earnings before interest, taxes, depreciation and amortization (EBIT and EBITDA), net income and/or tangible book value. These multiples and values are then applied to the Company's results.





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This approach is based on the essential premise that in the long run, the value of any asset is merely a function of the benefit that accrues from the ownership of that asset, and hence, by capitalizing such benefit, one can reasonably determine the fair value of the asset. Hence, this approach is also called the Benefits-Capitalization approach. Typical benefits from ownership include income, cash-flow, cost-savings, competition-prevention etc.

There are quite a few acceptable methods under the rubric of the income approach and most of these methods fall into two categories: Direct Capitalization method and Discounted Cash Flow method (DCF).

Capitalization is usually done by estimating the Present Value of the future benefits.

DCF analysis rests on the following assumptions:

- A business is worth today what it can generate in future cash to its owners;
- Cash received today is worth more than an equal amount of cash received in the future; and
- Future cash flows can be reasonably estimated.

The DCF analysis is based on the present value of two components; projected cash flows and a terminal value. DCF analysis uses future free cash flow projections and discounts them using the weighted average cost of capital (WACC) or cost of equity ( $K_e$ ) as the case may be, to arrive at a present value, which is used to evaluate the potential for investment.

Terminal value based on an exit or steady state terminal multiple, which represents the future cash flows of the company beyond the discrete projection period, is then discounted to its present value and added to the present value of the projected cash flow. This is the Net Present value of the company.





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~~The Cost Approach~~

This approach is based on the essential premise that in a free and efficient market, cost and value should converge, and accordingly, this approach seeks to value an asset based on the cost incurred to acquire, construct, reconstruct or replace it.

This approach involves identifying the Company's more important tangible assets and estimating the individual current market values of each and then totaling them to derive the value of the business as a whole.

The price at which a business entity changes hands can be influenced by the values of the assets employed in the business, net of its liabilities. In a favorable economic and industry environment, "net asset value" is less important to overall value than the earnings generated from those assets. Aggregate tangible assets may be perceived as providing a valuation "floor" in the absence of earnings.

Although each of these approaches may be used to indicate fair market value, the appropriateness of a particular approach varies with the type of business being valued. The selection and application of the methods requires judgment. In valuing the shares, we have looked to those facts and circumstances which we believe a willing investor would consider in pricing them.

## VALUATION METHODOLOGY

In order to perform the valuation as appropriate to the scope of Engagement and to select and apply appropriate valuation approaches, methods and procedures, we have considered the following relevant factors:

- ❖ The history and nature of the business;
- ❖ Historical financial statements ,
- ❖ Financial position of the transferor and transferee companies as on the date of valuation



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PRINCIPLE VALUATION METHODS  
(Securities or Financial Assets)

The following methodologies are normally used for valuation of Companies:

- Replacement Cost Method
- Reproduction Cost Method
- Discounted Cash Flow(DCF) Method
- Comparable Companies Multiple Method (CCM)
- Comparable Transactions Multiples Method(CTM)





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SECTION 44 - VALUATION & SHARE EXCHANGE RATIO  
(Securities or Financial Assets)**VALUATION OF M/S. DANLAW TECHNOLOGIES INDIA LIMITED (Transferee Company)****Market Price Method**

The market price method is generally one of preferred method of valuations in case of Equity shares of companies listed on Stock Exchanges as that the market value is reflection of earnings, growth rate of the company which are primary factors of valuation.

Novel Coronavirus COVID -19 has been declared as pandemic by WHO on March 11,2020 and a complete lockdown of activities was declared in India on 23.03.2020.

COVID -19 and lockdown has significantly affected economy, industries and stock markets. Due to effect of pandemic and lockdown , the stock markets and stock prices were subject to high volatility in the month of March 2020 and thereafter. In view of the above we have considered stock prices before March 1<sup>st</sup> for the purpose of our valuation analysis under market price method

We have valued the equity share of M/s. Danlaw Technologies India Limited under market price method on the basis of the average of the weekly high and low prices of the preceding 26 weeks from 28<sup>th</sup> February 2020

The Value of Equity Share of M/s. Danlaw Technologies India Limited under Market Price Method is **Rs. 56.71/-**

The working under Market Price Method is enclosed as Annexure to this Report.

**VALUATION OF M/S. DALAW ELECTRONICS ASSEMBLY LIMITED (Transferor Company)**

**Net Asset Value (NAV) Method:** Valuation of the Equity Shares of a concern under this method is arrived at by determining Net Worth of the business undertaking on the basis of the Audited Financial Statements for the year ending 31-03-2020. The value Per Equity share of Danlaw Electronic Assembly Limited under Net Asset Value Method is Rs. 28.11/-

The workings of Net Asset Value Method is given in Annexure to this Report



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~~DISCOUNTED CASH FLOW METHOD UNDER INCOME APPROACH  
(Securities or Financial Assets)~~

We have adopted Valuation Approaches and Methodologies of International valuation Standards issued by Indian Valuation Standards Council (ICAI). Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

The following are some of the instances where a *valuer* may apply the income approach:

- (a) Where the asset does not have any market comparable or comparable transaction;
- (b) Where the asset has fewer relevant market comparables; or
- (c) Where *the asset is an income producing asset for which the future cash flows are available and can reasonably be projected.*

The income approach *should* be applied and afforded *significant weight* under the following circumstances:

- (a) The income-producing ability of the *asset* is the critical element affecting value from a *participant* perspective, and/or
- (b) *Reasonable projections of the amount and timing of future income are available for the subject asset*, but there are few, if any, relevant market comparables.

The management has provided us the projected financial statements for future years. We have considered to adopt Discounted Cash Flow (DCF) Method under Income Approach for ascertaining the indicative value of the business.

On the basis of aforementioned factors, we have considered to value Shares as per **DISCOUNTED CASH FLOWS METHOD**

- Obtained the back ground information about the company.
- Audited Financial statements for the year ended 31<sup>st</sup> March, 2020.
- Projections provided by the Management of Transferor Company for the period starting from FY 2020-21 to FY 2024-25.
- We have reviewed the documents Information, explanation and documents provided by the Management personnel and executives
- Performed an analysis on projected financial statement for understanding the nature of business and its earning capacity
- Estimated future free cash flows on the basis of projected financial statements
- We have made reference to and relied upon the information from Investing.com, Economic times and Damodaran.com.





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(Securities or Financial Assets)  
DISCOUNTED CASH FLOW METHOD:

The DCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The valuation under the DCF method depends upon the projections of the future cash flows and the selection of the appropriate discount factor. The DCF methodology is considered to be the most appropriate basis for determining the future earning capability of a business.

Calculation of value under the DCF method involves estimation of future cash flows from the total projects undertaken by the company till their completion and discounting those cash flows using appropriate discounting factor.

Value of the Business:

$$\sum_{t=1}^{t=n} \frac{\text{Expected Cash Flow}}{(1+r)^t} + \frac{\text{Terminal value}}{(1+r)^t}$$

*ESTIMATION OF FREE CASH FLOWS*

As indicated above, the future economic benefit, on which financial analysts and business valuer's most frequently focus, is "Net free cash flow", which is defined as follows:

	Net income	XXXX
<i>Add:</i>	Non-cash charges	XXXX
<i>Less:</i>	Non – operating Income	XXXX
<i>Less:</i>	Expenditure incurred on / for capital projects / capital purposes	XXXX
<i>Add/Less:</i>	Changes in working capital	XXXX
<i>Add/Less:</i>	Changes in the balance of Long-term debt	XXXX
	Net cash inflow / (outflow) available	<u>XXXX</u>

In the light of the above, we developed an indication of the value based on a forecast of the entities net cash flows. This forecast is made to reflect the probable net cash flows for the next five years.

*ESTIMATION OF CONTINUATION VALUE*

Under the going concern premise the cash flows are expected to be derived by the business company beyond explicit period and will grow at constant rate forever. Based on this premise the terminal (continuation) value of the business can be estimated as



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**ESTIMATION OF DISCOUNTING RATE (KE)**

The cost of equity (Ke) i.e. the rate at which the future free cash flows are to be discounted is determined using the CAPM model i.e. Capital Asset Pricing Model. The formula for calculating cost of equity under this model is:

$$K_e = K_{rf} + \beta (K_m - K_{rf}) + a$$

Where

- $K_e$  = expected rate of return on equity
- $K_{rf}$  = risk free rate on bonds
- $K_m$  = expected rate of return on the market
- $K_m - K_{rf}$  = equity risk premium
- $\beta$  = coefficient of firms' systematic risk
- $a$  = additional risk premium

The discount rate and the cost of equity (Ke) for M/s. Danlaw Electronics Assembly Limited (Transferor Company) as per CAPM Model is estimated as follows

Risk free rate ( $K_{rf}$ ) = 6.14% (10years Bond yield - Source: [www.investing.com](http://www.investing.com)),

Equity Risk Premium ER(P) = 9.49%

We have considered the Beta of the Comparable Company i.e., PG Electroplast Limited of 0.86 (Source: Economic Times)

Therefore Cost of Equity of M/s. Danlaw Electronics Assembly Limited (Transferor Company) as per CAPM Model is

$$(6.14\% + (9.49\%)*0.86) = 14.30\%$$



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*GROWTH RATE (G) FOR TERMINAL PERIOD FOR M/s. Danlaw Electronics Assembly  
(Securities or Financial Assets)  
Limited (Transferor Company)*

While estimating the terminal value, the estimated growth rate of the business shall be reduced from the cost of equity (Ke). This is required because of the fact that the future growth will offset the risk involved the cash flows. We have considered a moderate growth rate of 3% for terminal period

**Discount for lack of marketability :** Since , the transferor company is an unlisted company , we have considered to apply the discount for lack of marketability in our valuation analysis to factor the illiquidity and restricted transferability of the shares while ascertaining the equity value.





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VALUE OF EQUITY SHARES OF M/S. DANLAW ELECTRONICS ASSEMBLY LIMITED (TRANSFEROR COMPANY) AS PER DISCOUNTED CASH FLOW METHOD UNDER INCOME APPROACH

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Value per Equity share of M/s. Danlaw Electronics Assembly Limited as per Discounted Cash Flow Method under Income Approach is Rs. 92.06 . The detailed workings are attached as annexure to this report.

VALUATION OF EQUITY OF M/S. DANLAW ELECTRONICS ASSEMBLY LIMITED AS PER COMPARABLE COMPANIES TRANSACTIONS METHOD

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The valuation of the company as per Comparable Transaction Multiple Method requires to select a company with similar and comparable transaction and business model.

For this process, companies under PCB Manufacturing category were chosen from the prowess database and the companies which issued preferential shares in the previous year (2018-19) were filtered.

Among the filtered companies the only company with the most comparable and similar transactions was TVS Sensing Solutions Private Limited.

TVS Sensing Solutions offers value added solutions to industrial, consumer durable, automotive, IT Segments besides offering quality precision micro switches and application support to our customers, from our manufacturing facility in Madurai. TVS Sensing Solutions emerges as key player in Sensor Products and Solutions that serves Automotive, Industrial and Appliance markets in standalone products and in IOT products which is very similar to that of the company being valued.

TVSSS mainly does job-work solutions to many companies like CEBI, TVS Motors and others. We have considered the Market Capitalization/ Sales Multiple of the M/s. TVS Sensing Solutions Private Limited i.e., 0.29 (Sales Multiple)

We have applied the above multiple to the revenue for FY 2019-20. The value of Equity of M/s. Danlaw Electronics Assembly Limited based on the Comparable Transaction Multiple Method is **Rs. 11,44,13,540/- and the value per Equity share is Rs. 22,13/-**





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SHARE EXCHANGE RATIO  
(Securities or Financial Assets)

Valuation Approach	Danlaw Technologies India Limited(Transferee Company)			Danlaw Electronics Assembly Limited(Transferor Company)		
	Value Per share	Weight	Value Per Share	Value Per share	Weight	Value Per Share
Asset Approach	NA		-	28.11	50%	14.05
Income Approach	NA		-	92.06	25%	23.01
Market Approach	56.71	1	56.71	22.13	25%	5.53
<b>Relative Value Per Share</b>			<b>56.71</b>			<b>42.60</b>
<b>Share Exchange Ratio</b>						<b>0.75</b>

In view of the above, for the purpose of discharging consideration for the proposed Amalgamation the Share Exchange ratio is 0.75:1 is considered equitable and appropriate. Accordingly M/s. Danlaw Technologies India Limited shall issue 0.75 shares for every 1 share held by M/s. Danlaw INC in M/s. Danlaw Electronics Assembly Limited (Transferor Company).



V. G. Rao .N

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REGISTERED VALUER  
IBBI/RV/06/2019/10709

Place: Hyderabad

Date: 22<sup>nd</sup> August, 2020

UDIN:20219486AAA ACT3181

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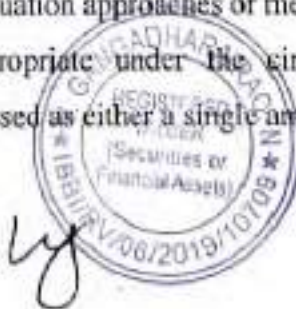
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APPENDIX - A

### STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

The primary assumptions and limiting conditions pertaining to the value estimate conclusion(s) stated in the detailed Valuation report are summarized below. Other assumptions are cited elsewhere in the report.

- 1) The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). I/ We do not accept liability for losses arising from such subsequent changes in value. All opinions and estimates in this publication or report are, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report and are **subject to change without notice**.
- 2) The party to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the date of valuation.
- 3) Our compensation for completing this assignment is fee-based and is not contingent upon the development or reporting of a predetermined or direction in that favors the cause of the client, the outcome of the valuation, the amount of the opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 4) We have performed a valuation engagement and present our detailed report in conformity with the "**Valuation Standards**" issued by the **Institute of Chartered Accountants of India (ICAI)**. Valuations standards sets out that the objective of a valuation engagement is "to express an unambiguous opinion as to the of a business, business ownership interest, security or intangible asset which opinion is supported by all procedures that the appraiser deems to be relevant to the valuation." Also according to the Standard in a valuation engagement the valuer can apply valuation approaches or methods deemed in the analyst's professional judgment to be appropriate under the circumstances. In a valuation engagement the conclusion is expressed as either a single amount or a range.





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5) By reason of the operation of privacy laws, the valuer's enquiries in respect of recent transactions have been constrained. Accordingly, the valuer may not have had access to information on recent transactions which has not yet been published in information sources available to the valuer. If other transactions have taken place, knowledge of those transactions may affect the opinions expressed by the valuer. **To the best of my knowledge and belief the statements and opinions in this report are correct and the information provided by others is accurate. However, no responsibility is assumed for its accuracy, which should be checked by appropriate report, search or formal enquiry if required.** No responsibility is assumed for matters of a legal nature and Future services regarding the subject matter of this report, including but not limited the right to expert testimony or attendance in court as part of providing this valuation is expressly excluded.

- 6) It should be noted that I am not an engineer, a plant and equipment, building construction or structural expert and I am therefore unable to certify as to the (structural) soundness of the improvements. I am not qualified to comment on the structural integrity, defect, rot or infestation of the improvements. Our scope of work does not include an appraisal or t valuation of land, plant and equipment, building construction and any other immovable or movable property individually.
- 7) **The recommendation(s) rendered in the Report only represent our recommendation(s) based upon information furnished by the Transferor and Transferee Companies (or its executives / representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice. We have no obligation to update this Report.**
- 8) We have provided our recommendation of the Valuation based on the information available to us and within the scope of our engagement, others may have a different opinion. **The final responsibility for value/price at which the Proposed Transaction shall take place will be with the Board of Directors of the Company, who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.**



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9) Valuation is based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted because events and circumstances frequently do not occur as expected.

Therefore, we do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. **Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates, and the variations may be material and achievement of the forecasted results is dependent on actions, plans, and strategies of management.**

10) We have relied on the written representations from the management that the information submitted by them during the course this engagement is materially accurate and complete in the manner of its portrayal as correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein and therefore the information submitted to us by the management forms a reliable basis for the valuation. In accordance with our work order and the customary approaches and methodologies adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Transferor and Transferee Companies. The approaches and methodologies used in our work did not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements.

**Accordingly, we assume no responsibility for any errors in the information furnished by the Transferor and Transferee Companies and their impact on the Report.**

11) The conclusion of value arrived at in the valuation report is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.





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12) The Report assumes that the company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated and will be managed in a

competent and responsible manner and the report assumes all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or reviewed for any use on which the opinion contained in the report is based . Further, except as specifically stated to the contrary, this Valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited carved out balance sheet.

13) Our scope of work did not include checking the adequacy of the carved out financial statements of the company and the specified projects and this is the responsibility of the Management and we have assumed these to be correct.

14) We are not advisors with respect to accounting, legal, tax and regulatory matters for the proposed transaction. This Report does not look into the business/commercial reasons behind the proposed transaction nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the proposed transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

15) We owe responsibility to only the Board of Directors of the company that has appointed us under the terms of our work order and nobody else.. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the company. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the company, its directors, employees or agents. Unless specifically agreed, in no circumstances shall the liability of the Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report exceed the amount paid to the Valuer in respect of the fees charged by it for these services.



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16) We have relied on the judgment of the management as regards contingent and other liabilities. Accordingly, our valuation does not consider the assumption of contingent liabilities and potential economic gain or loss resulting from contingent assets, liabilities other than those given to us as likely to crystallize. **If there were any omissions, inaccuracies or misrepresentations of the information provided to us, it may have the effect on our valuation computations.**

17) The information and material presented in the report are provided for the exclusive use of our client for the sole and specific purposes as noted therein only. Furthermore the valuation report and conclusion of value are not intended by the author and should not be used or considered by the reader as an offer or a solicitation to sell or buy or subscribe for securities or other financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

The conclusion of value represents the considered opinion of the valuer based on information furnished to us by the Transferor and Transferee Companies.

**Neither the valuer nor any of its affiliates makes any representation or warranty or guarantee as to the completeness, accuracy, timeliness or suitability of any information contained within any part of the Report nor that it is free from error. The valuer does not accept any liability (whether in contract, tort or otherwise howsoever and whether or not they have been negligent) for any loss or damage (including, without limitation, loss of profit), which may arise directly or indirectly from use of or reliance on such information.**

18) This publication or report has been prepared as general information for private use of client to whom the publication or report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor bears the risk of losses in connection with an investment. Before acting on any information in this publication or report, it is recommendable to consult one's financial advisor. The information contained in this publication or report does not constitute advice on the tax consequences of making any particular investment decision.





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19) Our report will not be used for financing or included in a private placement or other public documents and may not be relied upon by any third parties.

20) We have not conducted any examination in respect of technical feasibility intellectual products owned by the entity

21) The valuation may not be used in conjunction with any other consideration or study. The value conclusions stated in the valuation report are based on the program of utilization described in the report and may not be separated into parts. The report was prepared solely for the purpose, function, and party so identified in the report.

22) This publication or report may be based on or contain information, such as opinions, recommendations, estimates, price targets and valuations which emanate from the valuers analysts or representatives, publicly available information, industry and statistical information, information from other units or other named sources. To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than the valuer ("External Information"), **the valuer has deemed the other Sources to be reliable but neither the valuer in the Group, others associated or affiliated with said companies nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.**

23) The valuer assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this publication or report. **In no event will entities of the Group or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages resulting from the information in this publication or report.**

24) The risk of investing in certain financial instruments is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized

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25) The valuer may perform services for, solicit business from, hold long or short positions in, (Securities or Financial Assets) or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report. To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of the valuer are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of the Group Companies and personal account dealing

26) Security pricing may vary from actual liquidation value, and custodial statements. Prices shown should only be used as a general guide to portfolio value. Cash shown in the Report may not necessarily be available for investment due to unsettled transactions against your account

27) The levels and bases of taxation may change, and the Report should not be relied upon for tax purposes. Positions are reflected as of trade date and may differ from account statements, which reflect positions as of settlement date. Gains and losses may be higher or lower if cost bases for securities in your account are not available, as the valuer may assume this to be zero or if sourced from different tax information at multiple custodians

28) The valuer does not accept any responsibility or liability for information provided by third parties. Official confirmation of portfolio holdings with these parties and issues arising from information they have provided must be addressed directly with them.

29) I (We) have no financial interest or contemplated financial interest in the companies that are the subject of this report.

Place: Hyderabad

Date: 22<sup>nd</sup> August, 2020

UDIN:20219486AAAAC3181


V GANGADHARA RAO N

REGISTERED VALUER

IBBLRV/06/2019/10709

ICAIRVO/06/RV-P00112/2018-19



B.COM, FCA

Registered Valuer  
(Securities or Financial Assets) ANNEXURE

Average price based on the Market price Method

Week	Average of high and low
1	44.78
2	45.56
3	47.70
4	52.77
5	54.94
6	54.33
7	51.65
8	51.86
9	51.83
10	50.67
11	52.08
12	52.90
13	54.29
14	54.14
15	54.87
16	59.71
17	65.14
18	66.54
19	66.27
20	64.02
21	61.45
22	58.96
23	64.08
24	65.17
25	65.44
26	63.23
<b>Avg</b>	<b>56.71</b>

y



B.COM, FCA

Registered Valuer  
Value per Equity share of M/s. Dantam Electronics Assembly Limited (Transferor Company)  
(Securities or Financial Assets)

Discounted Cash Flow	Projected Financial for the Financial Year ended March 31,				
	31-03-2021	31-03-2022	31-03-2023	31-03-2024	31-03-2025
Profit After Tax	18,35,423.15	2,82,64,732.53	4,79,70,495.03	7,34,55,922.16	9,78,47,515.61
Add : Non-Cash Charges	1,97,84,872.61	2,15,83,937.67	1,95,63,247.89	1,78,50,503.61	1,65,07,340.67
Net Cashflow from Operating Activities	39,99,538.65	35,37,081.78	45,94,575.20	(8,53,754.84)	(3,96,744.42)
Investments in FA/Loan Repayment	2,56,73,567.79	1,30,15,419.34	(57,97,547.13)	(13,22,05,690.67)	(65,17,415.05)
Free Cash Flow to the Equity	5,12,91,402.21	6,64,01,171.33	6,63,30,770.99	(4,17,53,019.74)	10,74,40,696.81
Terminal Value					97,93,78,707.82
Free Cash Flow to the Equity including Terminal Value	5,12,91,402.21	6,64,01,171.33	6,63,30,770.99	(4,17,53,019.74)	1,08,68,19,404.63
Discounting Factor	0.87	0.77	0.67	0.59	0.51
Present Value of Free Cash Flow to the Equity including Terminal Value	4,48,74,603.20	5,08,26,223.19	4,44,20,474.51	(2,44,63,133.67)	55,71,05,737.00
Sum of Present Value of Free Cash Flow to the Equity including Terminal Value					67,27,63,904.23
Less: Discount for Lack of Marketability					(17,22,05,593.44)
Add : Surplus Cash / Cash Equivalents					1,19,67,171.00
Less : Gratuity and Lease Liabilities					(3,66,20,617.48)
Less: Loans					-
Value of Equity					47,59,04,864.31
No of Equity shares					51,69,675.00
Value Per Equity Share					92.06

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Value per Equity Share as per Net Asset Method under Cost Approach

DANLAW ELECTRONICS ASSEMBLY LIMITED		
VALUATION AS PER NET ASSET VALUE METHOD		
Particulars	Details	Amount (In Rs) 31-03-2020
<b>Non Current Assets</b>		
Fixed Assets		
Tangible Assets	15,06,95,590.00	
Right of Use of Asset	1,16,43,001.00	
Financial Assets	7,08,201.22	
Deferred Tax Asset	2,47,89,310.00	
Other non current assets	1,06,418.00	
<b>Total (A)</b>		<b>18,79,42,520.22</b>
<b>Current Assets</b>		
Inventories	10,04,40,953.00	
Trade Receivables	8,38,87,975.00	
Cash & Cash Equivalents	1,19,67,171.00	
Short term loans & advances	5,37,738.00	
Other Current Assets	2,06,47,418.00	
<b>Total (B)</b>		<b>21,74,81,255.00</b>
<b>Total Assets C = (A+B)</b>		<b>40,54,23,775.22</b>
<b>Less: Current Liabilities</b>		
Lease Liability	2,61,669	
Trade Payables	11,78,96,724.00	
Other Financial Liabilities	9,28,657.00	
Short term provisions	20,91,568.00	
Other Current Liabilities	5,23,45,278.00	
<b>Total (D)</b>		<b>17,35,23,896.00</b>
<b>Less: Non-Current Liabilities</b>		
Lease Liability	80,31,467.00	
Long term provisions	4,08,81,658.00	
Other Financial liabilities	3,76,92,950.00	
<b>Total (E)</b>		<b>8,66,06,075.00</b>
<b>Total Liabilities (F=D+E)</b>		<b>26,01,29,971.00</b>
<b>Net Assets (G=C-F)</b>		<b>14,52,93,804.22</b>
<b>Net Assets Attributable to equity shareholders(G)</b>		<b>14,52,93,804.22</b>
No. of Equity Shares		51,69,675.00
<b>NAV Per Share</b>		<b>28.11</b>





**DCS/AMAL/PB/R37/1944/2021-22**

**“E-Letter”**

**April 20, 2021**

The Company Secretary,  
**DANLAW TECHNOLOGIES INDIA LTD**  
43, Sagar Society, Road No 2, Banjara Hills,  
Hyderabad, Telangana, 500034

Sir,

**Sub: Observation letter regarding Draft Scheme of Amalgamation between Danlaw Technologies India Limited and Danlaw Electronics Assembly Limited and their respective shareholders and creditors.**

We are in receipt of the Draft Scheme of Amalgamation of Danlaw Technologies India Limited filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated April 20, 2021 has inter alia given the following comment(s) on the draft scheme of Reduction:

- **“Company shall duly comply with various provisions of the Circular.”**
- **“Company shall ensure that additional information and undertakings, if any, submitted by the Company, after filing the Scheme with the Stock Exchanges, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.”**
- **“Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”**
- **“It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon’ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its ‘No adverse observation’ at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.



Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documegrannts of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

Sd/-

**Nitinkumar Pujari**  
**Senior Manager**

Complaint Report as per SEBI Circular dated 10th March 2017

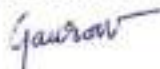
Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	NA
5.	Number of complaints pending	NA

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	NA	NA	NA
2.	NA	NA	NA
3.	NA	NA	NA

For Danlaw Technologies India Limited

  
Gaurav Padmawar  
Company Secretary



Place : Hyderabad  
Date : 15.03.2021



## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**DANLAW TECHNOLOGIES INDIA LIMITED**

**Report on the Audit of the Standalone IND AS Financial Statements**

### Opinion

We have audited the accompanying standalone Ind AS financial statements of **DANLAW TECHNOLOGIES INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date

### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 Standalone Ind AS 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 standalone Ind AS financial statements.

### Management's Responsibility for the Standalone Ind AS Financial Statements

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





In preparing the standalone Ind AS financial statements, Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS 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 and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Hyderabad

Date : 30.06.2021

for CSVR & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 012121S



*G. Venkatesh*  
(CA VENKATESH.G.)  
PARTNER  
Membership No.239608

UDIN: 21239608AAAACQ1762

**ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT**  
(Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements, of our report of even date)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year as per a programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable property is held by the Company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of paragraph 3 Clause (ii) of the Order are not applicable to this company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013, with respect to providing guarantees during the year. However, company has not given any loans, investments and security during the year under report.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable.
- (vi) The maintenance of cost records has not been prescribed by the Central Government under subsection (1) of section 148 of the Companies Act for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the company.
- (vii) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, Goods and Services Tax (GST), custom duty, cess and other material statutory dues as applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, Goods and Services Tax (GST), customs duty and cess were in arrears, wherever applicable, as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, Goods and Services Tax (GST), customs duty and cess which have not been deposited on account of any dispute.





- (viii) The company has not availed any loans or borrowing from a financial institution or banks. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the company is not a nidhi company. Accordingly, paragraph 3 (xii) is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) is not applicable.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Hyderabad  
Date : 30.06.2021



for CSV & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 012121S

*G. Venkatesh*  
(CA.VENKATESH.G.)  
PARTNER  
Membership No.239608

UDIN: 21239608AAAACQ1762

## ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **DANLAW TECHNOLOGIES INDIA LIMITED** ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### 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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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





## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the 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 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad  
Date : 30.06.2021



for CSV & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 012121S

*G. Venkatesh*  
(CA. VENKATESH.G.)  
PARTNER  
Membership No.239608

UDIN: 21239608AAAACQ1762



**DANLAW TECHNOLOGIES INDIA LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,62,43,499	1,93,21,652
Other intangible assets	4	4,37,54,099	3,39,44,421
Right-of-use asset	5	99,45,846	2,34,06,073
<b>Financial assets</b>			
(a) Investments	6	15,90,66,245	15,90,66,245
(b) Other financial assets (carried at amortised cost)	7	63,35,488	56,58,758
Deferred tax assets (net)	16	2,08,60,916	1,06,82,241
Other non-current assets	8	36,03,601	41,72,137
<b>Total Non - Current Assets</b>		<b>25,98,09,694</b>	<b>25,62,51,527</b>
<b>Current Assets</b>			
Inventories	9	1,08,46,901	73,42,290
<b>Financial assets</b>			
(a) Trade receivables	10	3,60,14,768	3,68,44,779
(b) Cash and cash equivalents	11	2,59,05,401	4,14,96,928
(c) Other financial assets (carried at amortised cost)	7	16,09,596	10,66,658
Tax assets	15	18,64,169	14,21,289
Other current assets	8	57,75,707	4,78,40,843
<b>Total Current assets</b>		<b>8,20,16,542</b>	<b>13,60,12,787</b>
<b>Total Assets</b>		<b>34,18,26,236</b>	<b>39,22,64,314</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	3,70,74,900	3,70,74,900
Other equity	13	14,60,93,632	17,37,78,815
<b>Equity attributable to owners of the Company</b>		<b>18,31,68,532</b>	<b>21,08,53,715</b>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
(a) Other financial liabilities	14	28,66,612	26,06,012
Leasehold Liabilities	5	-	1,02,43,663
Other non-current liabilities	17	24,11,661	26,38,885
<b>Total Non-current liabilities</b>		<b>52,78,273</b>	<b>1,54,88,560</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(a) Trade payables			
(i) Total outstanding dues of micro and small enterprises		-	-
(ii) Total outstanding dues for creditors other than micro and small enterprises	18	3,48,38,436	3,26,43,534
(b) Other financial liabilities	14	1,39,222	2,91,252
Provisions	15	28,37,049	21,22,295
Leasehold Liabilities	5	1,10,48,830	1,44,80,382
Other current liabilities	17	10,45,15,894	11,63,84,576
<b>Total Current liabilities</b>		<b>15,33,79,431</b>	<b>16,59,22,039</b>
<b>Total liabilities</b>		<b>15,86,57,704</b>	<b>18,14,10,599</b>
<b>Total Equity and liabilities</b>		<b>34,18,26,236</b>	<b>39,22,64,314</b>
Corporate information and significant accounting policies	1 & 2		
The accompanying notes form an integral part of the financial statements	3-30		

As per our report attached

for and on behalf of the Board

For **CSVR & ASSOCIATES**  
Chartered Accountants  
FRN: 0121215  
**G Venkatesh**  
(CA VENKATESH G.)  
Partner  
Membership No: 239608



**SIRISH BATCHU**  
Managing Director  
DIN: 08335245  
**A V R K VARMA**  
Chief Financial Officer

**RAVI KUMAR TAMMA**  
Director  
DIN: 05306747  
**Gaurav Padmawar**  
Company Secretary  
Membership No: ACS 44421

Hyderabad  
June 30, 2021



**DANLAW TECHNOLOGIES INDIA LIMITED**  
Statement of Profit and Loss for the period ended March 31, 2021

Particulars	Notes	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>INCOME</b>			
Revenue from operations	19	27,80,81,855	15,34,25,185
Other income (net)	20	1,09,02,699	1,14,51,003
<b>Total income</b>		<b>28,89,84,554</b>	<b>16,48,76,188</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	18,24,77,894	5,93,07,331
Purchases of stock-in-trade		2,66,364	17,73,766
Changes in inventories of finished goods and work-in-progress	23	28,428	(4,61,993)
Employee benefits expense	21	9,84,51,782	9,28,81,069
Finance costs	24	13,88,607	24,26,156
Depreciation and amortisation expense	25	2,22,98,972	1,87,85,085
Other operating expenses	26	2,08,22,237	3,30,98,928
<b>Total expenses</b>		<b>32,57,34,284</b>	<b>20,78,10,342</b>
<b>Profit before tax</b>		<b>(3,67,49,730)</b>	<b>(4,29,34,154)</b>
<b>Tax expense</b>			
Current tax	16	-	-
Prior period tax	16	-	24,546
Deferred tax	16	(98,89,002)	(1,02,47,511)
<b>Total tax expense</b>		<b>(98,89,002)</b>	<b>(1,02,22,965)</b>
<b>Profit for the year</b>		<b>(2,68,60,728)</b>	<b>(3,27,11,189)</b>
<b>Other comprehensive income</b>			
A Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of the defined benefit plans		(11,14,128)	25,42,975
(b) Income tax relating to items that will not be reclassified to profit or loss		2,89,673	(6,61,174)
<b>Total other comprehensive income/(Losses)</b>		<b>(8,24,455)</b>	<b>18,81,801</b>
<b>Total comprehensive income for the year</b>		<b>(2,76,85,183)</b>	<b>(3,08,29,388)</b>
<b>Earnings per equity share</b>			
(Equity shares, par value of Rs. 10 each)			
Basic (Rs.)		(7.24)	(8.82)
Diluted (Rs.)	30	(7.24)	(8.82)
<b>Corporate information and significant accounting policies</b>			
The accompanying notes form an integral part of the statements	1 & 2 3-30		

As per our report attached  
For **CSVR & ASSOCIATES**  
Chartered Accountants  
FRN: 0121215  
**G. Venkatesh**  
(CA. VENKATESH G.)  
Partner  
Membership No: 239608



Hyderabad  
June 30, 2021

for and on behalf of the Board

**SIRISH BATCHU** **RAVI KUMAR TAMMA**  
Managing Director Director  
DIN: 08335245 DIN: 05306747

**A V R K VARMA** **Gaurav Padmawar**  
Chief Financial Officer Company Secretary  
Membership No: ACS 44421



DANLAW TECHNOLOGIES INDIA LIMITED

Statement of changes in equity for the year ended March 31, 2021

a. Equity

Particulars	Number of Shares	Amount
Balance at March 31, 2019	37,07,490	3,70,74,900
Changes in equity share capital during the year	-	-
Balance at March 31, 2020	37,07,490	3,70,74,900
Changes in equity share capital during the year	-	-
Balance at March 31, 2021	37,07,490	3,70,74,900

b. Other Equity

Particulars	Reserves and Surplus		Items of OCI	Total
	Securities premium reserve	Retained earnings		
Balance at March 31, 2019	26,51,02,850	(6,01,87,136)	(3,07,510)	20,46,08,204
Remeasurement of net defined benefit liability/asset, net of tax effect			18,81,800	18,81,800
Profit for the year		(3,27,11,189)		(3,27,11,189)
Balance at March 31, 2020	26,51,02,850	(9,28,98,325)	15,74,290	17,37,78,815
Remeasurement of net defined benefit liability/asset, net of tax effect			(8,24,456)	(8,24,456)
Profit for the year		(2,68,60,728)		(2,68,60,728)
Balance at March 31, 2021	26,51,02,850	(11,97,59,053)	7,49,834	14,60,93,631

As per our report attached

For CSVR & ASSOCIATES

Chartered Accountants

FRN: 0121215

G. Venkatesh  
(CA VENKATESH G.)

Partner

Membership No: 239808



SIRISH BATCHU

Managing Director

DIN: 08335245

A V R K VARMA

Chief Financial Officer

for and on behalf of the Board

RAVI KUMAR TAMMA

Director

DIN: 05306747

Ganesh Padmawar

Company Secretary

Membership No: ACS 44421

Hyderabad

June 30, 2021





**DANLAW TECHNOLOGIES INDIA LIMITED**  
Statement of Cash Flows

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax	(3,78,63,858)		(4,03,91,179)	
<u>Adjustments for:</u>				
Depreciation and amortisation expense	88,38,745		46,34,735	
<b>Operating profit before working capital changes</b>		(2,90,25,113)		(3,57,56,444)
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Trade receivables	8,30,011		2,49,73,854	
Other financial assets	4,14,14,004		(1,41,21,382)	
Inventories	(35,04,611)		1,28,43,418	
Other assets	1,30,17,347		(2,31,39,579)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	21,94,902		(3,38,06,143)	
Other financial liabilities	1,08,570		(9,21,951)	
Other liabilities	(2,57,71,121)		11,27,13,833	
Provisions	7,14,754		(13,18,500)	
<b>Cash generated from operations</b>		(21,257)		4,14,67,106
Net income tax paid		-		(23,746)
<b>Net cash flow from operating activities (A)</b>		(21,257)		4,14,43,360
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure on fixed assets, including capital advances	(12,99,911)		(1,39,49,416)	
Investment in Research & Development	(1,42,70,359)		(3,21,58,992)	
<b>Net cash (used in) / flow from investing activities (B)</b>		(1,55,70,270)		(4,61,08,408)
<b>Net (decrease) in Cash and cash equivalents (A+B+C)</b>		(1,55,91,527)		(46,65,048)
Cash and cash equivalents at the beginning of the year		4,14,96,528		4,61,61,976
Cash and cash equivalents at the end of the year (Refer Note (i) below)		2,59,05,401		4,14,96,928

As per our report attached  
For **CSV & ASSOCIATES**  
Chartered Accountants  
FRN: 0121215  
**G. Venkatesh**  
(CA VENKATESH G.)  
Partner  
Membership No: 239608



**SIRISH BATCHU**  
Managing Director  
DIN: 08335245  
**A V R K VARMA**  
Chief Financial Officer

for and on behalf of the Board  
**RAVI KUMAR TAMMA**  
Director  
DIN: 05306747  
**Gautham**  
Gautham Padmawar  
Company Secretary  
Membership No: ACS 44421

Hyderabad  
June 30, 2021



3. Property, plant and equipment and capital work - in progress

Description of Assets	Leasehold improvements	Computers	Plant and equipment	Office equipment	Furniture and fixtures	Electrical installations	Vehicles	Total
<b>I. Cost or deemed cost</b>								
Balance as at March 31, 2019	14,84,850	85,35,853	88,01,332	8,48,568	91,43,045	31,57,424	45,44,721	3,16,16,391
Additions	-	23,06,499	47,86,754	6,60,455	38,60,670	22,67,038	-	1,38,81,416
Balance as at March 31, 2020	14,84,850	1,08,42,352	85,88,086	15,09,021	1,31,04,315	54,24,462	45,44,721	4,54,97,807
Additions	-	12,12,338	24,000	49,143	-	-	-	12,85,511
Balance as at March 31, 2021	14,84,850	1,20,54,690	86,12,116	15,58,164	1,31,04,315	54,24,462	45,44,721	4,67,83,318
<b>II. Accumulated depreciation</b>								
Balance as at March 31, 2019	5,97,023	54,99,800	16,31,386	4,69,062	83,79,788	23,13,957	36,82,392	2,25,73,406
Depreciation expense for the year	49,446	18,88,447	4,97,066	2,12,743	3,46,719	2,72,176	3,36,150	36,02,747
Balance as at March 31, 2020	6,46,469	73,88,247	21,28,452	6,81,805	87,26,507	25,86,133	40,18,542	2,61,76,153
Depreciation expense for the year	49,446	20,97,809	8,33,597	2,58,121	4,95,510	3,53,206	2,75,975	43,64,664
Balance as at March 31, 2021	6,95,915	94,86,056	29,62,049	9,39,926	92,22,017	29,39,339	42,94,517	3,05,39,819
<b>III. Carrying Amount</b>								
Balance as at March 31, 2019	8,87,827	30,36,053	21,69,946	3,79,504	8,63,857	8,43,467	8,62,329	90,42,983
Additions	-	23,06,499	47,86,754	6,60,455	38,60,670	22,67,038	-	1,38,81,416
Depreciation expense	(49,446)	(18,88,447)	(4,97,066)	(2,12,743)	(3,46,719)	(2,72,176)	(3,36,150)	(36,02,747)
Balance as at March 31, 2020	8,38,381	34,54,105	64,59,634	8,27,216	43,77,808	28,38,329	5,26,179	1,93,21,652
Additions	-	12,12,338	24,000	49,143	-	-	-	12,85,511
Depreciation expense	(49,446)	(20,97,809)	(8,33,597)	(2,58,121)	(4,95,510)	(3,53,206)	(2,75,975)	(43,64,664)
Balance as at March 31, 2021	7,88,935	25,68,634	56,50,067	6,18,238	38,82,298	24,85,123	2,50,204	1,62,43,899

4. Other intangible assets

Description of Assets	Computer software	R & D Expenses	Total
<b>I. Cost or deemed cost</b>			
Balance as at March 31, 2019	58,72,484	-	58,72,484
Additions	68,000	3,21,58,992	3,22,26,992
Balance as at March 31, 2020	59,40,484	3,21,58,992	3,80,99,476
Additions	14,800	1,42,70,359	1,42,85,159
Balance as at March 31, 2021	89,54,884	4,64,29,351	5,23,84,235
<b>II. Accumulated depreciation and impairment</b>			
Balance as at March 31, 2019	31,23,066	-	31,23,066
Amortisation expense for the year	10,31,989	-	10,31,989
Balance as at March 31, 2020	41,55,055	-	41,55,055
Amortisation expense for the year	9,90,659	34,84,422	44,75,081
Balance as at March 31, 2021	51,45,714	34,84,422	86,30,136
<b>III. Carrying Amount</b>			
Balance as at March 31, 2019	27,49,418	-	27,49,418
Additions	68,000	3,21,58,992	3,22,26,992
Depreciation expense	(10,31,989)	-	(10,31,989)
Balance as at March 31, 2020	17,85,429	3,21,58,992	3,39,44,421
Additions	14,800	1,42,70,359	1,42,85,159
Depreciation expense	(9,90,659)	34,84,422	44,75,081
Balance as at March 31, 2021	8,09,170	4,29,44,925	4,37,54,095

Research and Development :

Direct expenses incurred on R&D during the year for the development of products are treated as deferred revenue expenditure. The amount shall be amortized against the revenues to be earned over period of time, to be determined at the time of each product launch.

5. Leasehold liabilities

The Company has adopted Ind AS 116 "Leases" with the date of inception of the lease being April 1, 2019 and has discounted lease payments using

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2020 is 10.7%

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:

Particulars	Amount as on 01-04-2020	Additions	Termination during the year	Amortisation	Carrying Value as on 31-03-2021
Leasehold Assets	2,34,06,073	-	-	(1,14,60,227)	99,45,846

The following is the break-up of current and non-current lease liabilities as at March 31, 2021:

Particulars	31-Mar-21
Current	1,10,48,880
Non - Current	0
Total	1,10,48,880

The following is the movement in lease liabilities during the year ended March 31, 2021:

Particulars	31-Mar-21
Balance as on 01-04-2020	2,47,24,019
Additions to lease liabilities	-
Termination during the year	-
Interest Expense	11,27,516
Cash Outflows during the year	(1,48,02,755)
Balance as on 31-03-2021	1,10,48,880



#### 6. Investments

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>A. Non-current investments (Refer Note 1 below)</b>		
Investment carried at cost		
(i) Equity instruments of Subsidiaries (unquoted)		
Danlaw Technologies Inc, USA	2,95,66,245	2,95,66,245
Danlaw Electronics Assembly Ltd	12,95,00,000	12,95,00,000
	<b>15,90,66,245</b>	<b>15,90,66,245</b>

Particulars	As at March 31, 2021		As at March 31, 2020	
	QTY	Amount	QTY	Amount
<b>Investments In Subsidiaries</b>				
<b>I. Unquoted Investments (all fully investments in Equity Instruments - of Subsidiaries)</b>				
(a) - Wholly owned subsidiary (Danlaw Technologies Inc)	64,000	\$ 6,40,000	64,000	\$ 6,40,000
(b) - Subsidiary (Danlaw Electronics Assembly Ltd)	36,18,772	12,95,00,000	36,18,772	12,95,00,000

#### 7. Other financial assets (carried at amortised cost)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Non-current</b>		
Security deposits		
- Secured, considered good		
- Unsecured, considered	63,33,488	56,58,758
<b>Total non-current other financial</b>	<b>63,33,488</b>	<b>56,58,758</b>
<b>Current</b>		
Interest accrued on deposits	16,09,596	9,06,780
Security deposits	-	1,59,878
<b>Total current other financial assets</b>	<b>16,09,596</b>	<b>10,66,658</b>
<b>Total other financial assets</b>	<b>79,43,084</b>	<b>67,25,416</b>

#### 8. Other assets

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non-current</b>		
Prepaid expenses	36,03,601	41,72,137
<b>Total non-current assets</b>	<b>36,03,601</b>	<b>41,72,137</b>
<b>Current</b>		
Prepaid expenses	12,97,496	25,55,390
Balance with government	25,70,427	21,54,442
Advances recoverable in cash or	15,14,531	4,27,77,077
Lease Rentals Equalisation	5,93,253	3,53,925
<b>Total current assets</b>	<b>57,75,707</b>	<b>4,78,40,834</b>
<b>Total other assets</b>	<b>93,79,308</b>	<b>5,20,12,980</b>

#### 9. Inventories

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Current</b>		
Inventories (lower of cost and net		
Raw materials	8,16,530	41,58,410
Finished goods	1,00,30,371	31,83,880
<b>Total</b>	<b>1,08,46,901</b>	<b>73,42,290</b>

#### 10. Trade receivables

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Trade receivables Non Current</b>		
<b>Trade receivables - Current</b>		
Unsecured, considered good	3,60,14,768	3,68,44,779
Doubtful		
<b>Total</b>	<b>3,60,14,768</b>	<b>3,68,44,779</b>

#### Note - 11: Cash and Bank Balances

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Balances with Banks</b>		
in current accounts	66,13,919	3,22,08,187
in deposit accounts	1,92,73,842	90,73,842
Cash on hand	17,640	14,899
<b>Total Cash and cash equivalents</b>	<b>2,59,05,401</b>	<b>4,14,96,928</b>
<b>Cash and cash equivalents as per Statement of Cash flows</b>	<b>2,59,05,401</b>	<b>4,14,96,928</b>





**DANLAW TECHNOLOGIES INDIA LIMITED**  
Notes forming part of the Stand alone financial statements

**12. Equity share capital**

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Authorised share capital: 500000 fully paid up equity shares	5,00,00,000	5,00,00,000
Issued and subscribed capital: Issued Equity Share capital	3,70,74,900	3,70,74,900
<b>Total</b>	<b>3,70,74,900</b>	<b>3,70,74,900</b>

Notes:

**(A) Reconciliation of the number of shares outstanding:**

Particulars	Number of shares	Amount
Balance at March 31, 2019	37,07,490	3,70,74,900
Issue of shares under the Buyback of shares	-	-
Balance at March 31, 2020	37,07,490	3,70,74,900
Issue of shares under the Buyback of shares	-	-
Balance at March 31, 2021	37,07,490	3,70,74,900

**(B) Details of shares held by each shareholder holding more than 5% shares**

	As at March 31 2021		As at March 31 2020	
	Number of shares	% holding of	Number of shares	% holding of
Fully paid equity shares Danlaw Systems India Limited	14,61,592	39.29%	14,61,592	39.29%

**13. Other equity excluding non-controlling interests**

Particulars	As at March 31 2021	As at March 31 2020
	General reserve	
Securities premium account	26,51,02,850	26,51,02,850
Retained earnings	(11,90,09,218)	(9,13,24,035)
<b>Balance at end of year</b>	<b>14,60,93,632</b>	<b>17,37,78,815</b>

13.2 Securities premium reserve	As at March 31 2021	As at March 31 2020
	Balance at beginning of year	26,51,02,850
Used for Buyback of shares	-	-
<b>Balance at end of year</b>	<b>26,51,02,850</b>	<b>26,51,02,850</b>

13.3 Retained earnings	As at March 31, 2021	As at March 31, 2020
	Balance at beginning of year	(9,13,24,035)
Profit attributable to owners of the Company	(2,68,60,728)	(3,27,11,189)
Remeasurements of the defined benefit plans	(8,24,455)	18,81,801
<b>Balance at end of year</b>	<b>(11,90,09,218)</b>	<b>(9,13,24,035)</b>

**14. Other financial liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
	<b>Non - Current</b>	
Retention monies		
Security deposits	28,66,612	26,06,012
<b>Total</b>	<b>28,66,612</b>	<b>26,06,012</b>
<b>Current</b>		
(i) Others	1,39,222	2,91,252
<b>Total</b>	<b>1,39,222</b>	<b>2,91,252</b>

**15. Provisions**

Particulars	As at March 31, 2021	As at March 31, 2020
	<b>Provisions</b>	
Employee benefits	28,37,049	34,40,795
<b>Current</b>	<b>28,37,049</b>	<b>34,40,795</b>



**DANLAW TECHNOLOGIES INDIA LIMITED**  
Notes forming part of the Stand alone financial statements

**16. Income taxes**

**16.1 Deferred tax balance**

Particulars	As at March 31,	
	2021	2020
Deferred tax assets	213,96,153	115,39,014
Deferred tax liabilities	(53,52,37)	(8,67,73)
<b>Total</b>	<b>208,60,916</b>	<b>106,82,241</b>

2020-21	Opening Balance	Recognised in profit or loss	Closing balance
Deferred tax (liabilities)/assets in relation to Depreciation & Amortization	(31,863)	2,45,538	2,13,675
Employee benefit expense OCI	(8,24,910)	2,89,673	(5,35,237)
MAT Credit	12,64,186	-	12,64,186
Others	1,02,74,828	96,43,464	1,99,18,292
<b>Total</b>	<b>1,06,82,241</b>	<b>1,01,76,675</b>	<b>2,08,60,916</b>

**16.2 Tax assets and liabilities**

Particulars	As at March 31,	
	2021	2020
Tax assets		
Current	18,64,169	14,21,289
Current tax liabilities		
Income tax payable	-	-
<b>Total Current tax liabilities</b>	<b>-</b>	<b>-</b>

**16.3 - Tax Expense**

**a) Recognised in statement of profit and loss**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax		
In respect of the current year	-	-
In respect of prior years	-	24,546
	-	24,546
Deferred tax		
In respect of the current year	98,89,002	(1,02,47,511)
	<b>98,89,002</b>	<b>(1,02,47,511)</b>

**b) Recognised in Other comprehensive Income**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax		
Deferred tax		
In respect of the current year	(2,89,673)	6,61,174
	<b>(2,89,673)</b>	<b>6,61,174</b>

The Income tax expense for the year can be reconciled to the accounting profit as follows

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax from continuing ops	(3,78,63,858)	(4,03,91,179)
Income tax expense calculated	-	-
Depreciation adjustment	9,44,369	(1,05,067)
Expenses disallowed under income	472	13,628
Set off of losses	-	-
Taxable Income	(3,69,19,017)	(4,04,82,618)
Tax Rate	0.00%	0.00%

**17. Other liabilities**

Particulars	As at	
	March 31, 2021	March 31, 2020
Non - Current		
Revenue received in advance	24,11,661	26,38,885
<b>Total</b>	<b>24,11,661</b>	<b>26,38,885</b>
Current		
Advance from customers	10,06,38,593	11,35,36,052
Statutory remittances	37,92,504	25,82,291
Others	84,797	2,66,233
<b>Total</b>	<b>10,45,15,894</b>	<b>11,63,94,576</b>



**18. Trade Payables**

Particulars	As at	
	March 31, 2021	March 31, 2020
Trade Payables - Current		
Dues to micro enterprises and small		
Dues to creditors other than micro	3,48,38,436	3,26,43,534
<b>Total</b>	<b>3,48,38,436</b>	<b>3,26,43,534</b>

**19. Revenue from operations**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of services	5,59,57,854	7,07,85,419
Sale of products	22,21,24,001	8,26,39,766
<b>Total</b>	<b>27,80,81,855</b>	<b>15,34,25,185</b>

**20. Other income (net)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on financial assets carried at amortised cost		
Bank deposits	9,15,503	4,10,453
Interest on Income Tax	86,450	4,08,006
Others - Ind AS	5,16,852	4,55,268
	<b>15,18,805</b>	<b>12,73,727</b>
Other non-operating income		
Lease Rentals	88,08,800	94,38,000
Lease Rentals - Ind AS	1,86,796	3,53,925
Financial lease contingent rental income (net of expenses directly attributable to such income)		
Liabilities no longer required, written back		
Miscellaneous income ( net)	3,88,298	3,85,351
	<b>93,83,894</b>	<b>1,01,77,276</b>
<b>Total</b>	<b>1,09,02,699</b>	<b>1,14,51,003</b>

**21. Employee Benefits Expense**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages, including bonus	8,97,68,583	7,94,74,696
Contribution to provident and other funds	66,65,068	87,45,575
Staff welfare expenses	20,18,131	46,60,798
<b>Total</b>	<b>9,84,51,782</b>	<b>9,28,81,069</b>

**22. Cost of materials consumed**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Opening stock	41,58,410	174,63,821
(b) Add: Purchases	18,60,10,932	460,01,920
(c) Less: Closing stock	76,91,448	41,58,410
	<b>18,24,77,894</b>	<b>593,07,331</b>

**23. Changes in inventories of finished goods and work-in-progress**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Opening Stock:</b>		
Finished goods	31,83,880	27,21,887
Work-in-progress	-	-
	<b>31,83,880</b>	<b>27,21,887</b>
<b>Closing Stock:</b>		
Finished goods	31,55,452	31,83,880
Work-in-progress	-	-
	<b>31,55,452</b>	<b>31,83,880</b>
<b>Net (increase) / decrease</b>	<b>28,428</b>	<b>(4,61,993)</b>





**DANLAW TECHNOLOGIES INDIA LIMITED**  
Notes forming part of the Stand alone financial statements

**24. Finance costs**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Interest expense</b>		
- Interest Ind AS	13,88,135	24,12,622
- Other interest expense	472	13,534
<b>Total</b>	<b>13,88,607</b>	<b>24,26,156</b>

**25. Depreciation and amortisation expense**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment	43,63,664	36,02,747
Amortisation of intangible assets	179,35,308	151,82,338
<b>Total</b>	<b>222,98,972</b>	<b>187,85,085</b>

**26. Other operating expenses**

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
Rent including lease rentals (Refer		71,64,502		78,36,170
Rates and taxes		3,50,928		7,08,695
Insurance		1,50,271		1,12,648
Freight Outwards		2,33,276		4,41,002
Travelling and conveyance		15,62,751		68,21,430
Sub-contracting charges		7,93,276		33,20,738
Communication		4,91,294		5,43,625
Printing and stationery		1,53,256		3,28,635
Power and fuel		16,25,408		18,82,773
Marketing and advertising expenses		25,500		2,31,954
Repairs and maintenance				
- Buildings		6,17,480		7,68,894
- Machinery		4,90,617		2,49,973
- Security		6,96,000		6,69,424
- House Keeping		5,09,696		6,74,777
- Vehicles		1,62,356		3,87,798
- Office Maintenance		2,64,285		4,25,837
Directors Remuneration				
- Non executive directors		-		-
- Directors sitting fees	2,00,000	2,00,000	4,60,000	4,60,000
Auditors' remuneration (Refer Note		2,71,600		3,15,540
Recruitment expenses		1,80,665		3,41,111
Foreign exchange loss		4,02,215		12,73,337
Depository Registrar Fee		2,25,087		2,48,663
Listing Fee		3,00,000		3,00,000
Registration/Licences/Filing fee		12,38,525		7,45,965
Professional Fee		23,73,409		32,69,482
Bank charges		1,99,267		4,65,132
Miscellaneous expenses		1,40,573		2,75,325
<b>Total</b>		<b>2,08,22,237</b>		<b>3,30,98,928</b>

**i) Auditors' remuneration (net of service tax) comprises of:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Company</b>		
For statutory audit	2,42,000	2,42,000
For other services	24,000	24,000
Reimbursement of expenses	5,600	5,600
<b>Total Auditors' remuneration</b>	<b>2,71,600</b>	<b>2,71,600</b>



**DANLAW TECHNOLOGIES INDIA LIMITED**  
Notes forming part of the Stand alone financial statements

**27. Managerial Remuneration**

The following managerial remuneration was paid as per board of director's decision and approved by shareholders.

Salary	1,01,47,107	18,00,000
Contribution to PF	1,91,196	2,16,000
Medical	15,364	4,353
<b>Total</b>	<b>1,03,53,667</b>	<b>20,20,353</b>

**28. Contingent Liabilities:**

Bank Guarantees	92,83,850	26,54,161
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**29. Related party disclosures**

Related Party Transaction	Relation	Transactions for the year ended		Balance as at March 31	
		2021	2020	2021	2020
<b>Sales &amp; Services</b>					
Danlaw Technologies Inc	Subsidiary	-	1,47,44,100	(9,00,932)	(9,00,932)
Danlaw Inc	Associate	4,02,75,280	4,00,49,987	(9,94,24,239)	(11,22,58,330)
Danlaw Electronics Assembly Ltd	Subsidiary	-	2,67,500	-	-
<b>Purchases</b>					
Danlaw Inc	Associate	-	-	-	66,95,737
Danlaw Electronics Assembly Ltd	Subsidiary	20,16,11,001	1,29,76,798	3,03,91,950	-
<b>Remuneration</b>					
Directors	KMP	1,03,53,667	20,20,353	-	-
<b>Lease Rentals</b>					
D Lakshmi	Relative of KMP -	36,26,748	34,52,904	-	3,18,341
DSN Raju	Relative of KMP -	36,26,748	34,52,904	-	3,18,341
<b>Investments</b>					
Danlaw Technologies Inc	Subsidiary	-	-	2,95,66,245	2,95,66,245
Danlaw Electronics Assemble Ltd	Subsidiary	-	-	12,95,00,000	12,95,00,000

The Transactions with related parties have been carried at arm's leng price and also supported by the documentation reflecting the



**DANLAW TECHNOLOGIES INDIA LIMITED**

Notes forming part of the Stand alone financial statements

**31. Earnings per share**

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Profit after tax	(2,68,60,728)	(3,27,11,189)
Basic		
Number of shares outstanding at	37,07,490	37,07,490
Earnings per share (₹)	-7.24	-8.82
Diluted:		
Effect of potential equity shares on		
Weighted average number of equity	37,07,490	37,07,490
Earnings per share (₹)	-7.24	-8.82

Note: EPS is calculated based on profits excluding the other comprehensive income

**Financial Instruments**

**Financial instruments by category**

The carrying value and fair value of financial instruments carried at amortised cost

Particulars	Level	Carrying Value as at March 31,		Fair Value as at March 31,	
		2021	2020	2021	2020
<b>Assets:</b>					
<b>Non-Current</b>					
Other Financial Assets	3	63,35,488	56,38,758	56,38,758	45,38,074
<b>Current</b>					
Trade receivables	3	3,60,14,768	3,68,44,779	3,60,14,768	3,68,44,779
Cash and cash equivalents	3	2,59,05,401	4,14,96,928	2,59,05,401	4,14,96,928
Other financial assets	3	16,09,596	10,66,658	16,09,596	10,66,658
<b>Total</b>		<b>6,98,65,253</b>	<b>8,50,47,123</b>	<b>6,91,88,523</b>	<b>8,50,67,123</b>
<b>Liabilities:</b>					
<b>Current</b>					
Trade payables	3	3,48,38,436	3,26,43,534	3,48,38,436	3,26,43,534
<b>Total</b>	3	<b>3,48,38,436</b>	<b>3,26,43,534</b>	<b>3,48,38,436</b>	<b>3,26,43,534</b>

There are no financial instruments of the company that are subsequently measured at fair value.

**Fair value hierarchy**

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying values of the current financial assets and current financial liabilities are taken as fair values because of their short term nature

The fair of non current financial assets is determined by using the discounted cash flow method by the management







**INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED  
IND AS FINANCIAL STATEMENTS**

To  
The Members of  
**M/s. DANLAW TECHNOLOGIES INDIA LIMITED**

**Report on the Audit of the Consolidated Ind AS financial statements**

**Opinion**

We have audited the accompanying consolidated Ind AS financial statements of **M/s.DANLAW TECHNOLOGIES INDIA LIMITED** ("the Company"), its subsidiaries Namely Danlaw Technologies Inc. & Danlaw Electronics Assembly Limited (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2021, the Consolidated Statement of Profit and Loss (including consolidated Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the 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 Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2021, the consolidated Profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS 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 ICAI's 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 Ind AS financial statements.



## **Management's Responsibility for the Consolidated Ind AS financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, 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 ability of the Group 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 Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS 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.

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





## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 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 Group and the operating effectiveness of such controls, refer to our separate report in the "Annexure A"; and
- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Group does not have any pending litigations which would impact its financial position in its consolidated Ind AS financial statements.



- (ii) The Group has not entered into any long-term contracts including derivatives contracts requiring provision under applicable laws or accounting standards, for material foreseeable losses and
- (iii) There have been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Group in accordance with the relevant provisions of the Companies Act, 2013.

#### Other Matters

We did not audit the financial statements of subsidiaries included in the consolidated annual financial results, whose information is as under.

Particulars	Danlaw Technologies Inc. (in \$)	Danlaw Electronics Assembly Limited (in Rs.)
Revenue	15,000	88,04,02,963
Profit after Tax	-1,532	4,24,60,341
Total Assets as on 31.03.2021	8,77,563	58,03,22,229

These subsidiaries annual financial statements and other financial information have been audited / reviewed by other auditors whose reports have been furnished to us, and our opinion on the annual financial results, to the extent they have been derived from such annual financial statements is based solely on the report of such other auditors. Our opinion is not modified in respect of this matter.

PLACE : HYDERABAD  
DATE : 30.06.2021

For CSVR & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN: 012121S



*G. Venkatesh*  
(CA. VENKATESH.G.)  
PARTNER  
Membership No.239608

UDIN: 21239608AAAACR4571

## ANNEXURE –A TO THE CONSOLIDATED AUDITOR'S REPORT

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

In conjunction with our audit of the consolidated Ind AS financial statements of the group as of and for the year ended 31<sup>st</sup> March, 2021, we have audited the internal financial controls over financial reporting of **M/s. DANLAW TECHNOLOGIES INDIA LIMITED** ("the Company") and its subsidiary company which are incorporated in India as of that date.

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

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

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





We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the group's internal financial controls system over financial reporting of the company and its subsidiary companies, which are incorporated in India.

### **Meaning of Internal Financial Controls over Financial Reporting**

A group'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 Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. The group'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 group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorisations of management and directors of the group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the group's assets that could have a material effect on the Ind AS financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company and its subsidiary company, which are incorporated in India, have 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 31st March 2021, based on the internal control over financial reporting criteria established by the Group 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.

PLACE : HYDERABAD  
DATE : 30.06.2021



**For CSV & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 012121S**

*G. Venkatesh*  
**(CA. VENKATESH. G.)  
PARTNER**

**Membership No.239608  
UDIN: 21239608AAAACR4571**

**DANLAW TECHNOLOGIES INDIA LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	21,84,47,678	17,00,17,242
Other intangible assets	4	4,37,54,099	3,39,44,421
Right-of-use asset	5	3,14,15,071	3,50,49,074
Goodwill	6	24,01,207	24,01,207
<b>Financial assets</b>			
(a) Other financial assets (carried at amortised cost)	7	64,21,217	57,44,484
(b) Loans	12	6,02,794	6,22,475
Deferred tax assets (net)	17	3,69,20,503	3,54,71,551
Other non-current assets	8	37,42,827	42,78,555
<b>Total Non - Current Assets</b>		<b>33,37,65,396</b>	<b>28,75,29,009</b>
<b>Current Assets</b>			
Inventories	9	14,56,93,635	10,77,83,243
<b>Financial assets</b>			
(a) Trade receivables	10	16,43,42,493	14,02,80,628
(b) Cash and cash equivalents	11	3,28,83,881	5,48,26,698
(c) Loans	12	6,07,41,226	4,72,80,970
(d) Other financial assets (carried at amortised cost)	7	16,09,596	10,66,658
Tax assets	17	27,54,257	47,25,087
Other current assets	8	5,66,35,477	2,45,03,364
<b>Total Current assets</b>		<b>46,46,60,565</b>	<b>38,04,66,648</b>
<b>Total Assets</b>		<b>79,84,25,960</b>	<b>66,79,95,657</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	3,70,74,900	3,70,74,900
Other equity	14	18,33,14,368	18,50,56,374
Equity attributable to owners of the Company		22,03,89,268	22,21,31,274
Non-controlling interests		5,63,26,329	4,35,88,127
<b>Total Equity</b>		<b>27,67,15,497</b>	<b>26,57,19,401</b>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
(a) Borrowings	19	1,79,20,000	-
(b) Other financial liabilities	15	11,31,23,662	4,02,98,962
Leasehold Liabilities	5	1,13,38,498	1,82,75,130
Provisions	16	4,32,51,017	4,08,81,658
Other non-current liabilities	18	24,11,661	26,38,886
<b>Total Non-current liabilities</b>		<b>18,80,44,839</b>	<b>10,20,94,636</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(a) Borrowings	19	5,02,73,183	-
(a) Trade payables			
(i) Total outstanding dues of micro and small enterprises	20	81,98,178	50,08,329
(ii) Total outstanding dues for creditors other than micro and small enterprises	20	11,67,49,344	14,72,65,447
(b) Other financial liabilities	15	44,82,282	2,91,252
Provisions	16	74,21,365	42,13,863
Current tax liabilities, net	17	89,47,385	1,31,933
Leasehold Liabilities	5	82,65,139	1,47,42,051
Other current liabilities	18	12,93,28,748	12,85,28,748
<b>Total Current liabilities</b>		<b>33,36,65,624</b>	<b>30,01,81,620</b>
<b>Total liabilities</b>		<b>52,17,10,462</b>	<b>40,22,76,256</b>
<b>Total Equity and liabilities</b>		<b>79,84,25,960</b>	<b>66,79,95,657</b>
Corporate information and significant accounting policies	1 & 2		
The accompanying notes form an integral part of the financial statements.	3-32		

As per our report attached  
 For **CSVR & ASSOCIATES**  
 Chartered Accountants  
 FRN: 0121215  
**G. Venkatesh**  
 (CA VENKATESH G.)  
 Partner  
 Membership No: 239608



Hyderabad  
 June 30, 2021

**RSI**

for and on behalf of the board  
**SIRISH BATCHU** Managing Director  
 DIN: 00305246  
**A V R K VARMA** Chief Financial Officer

**Ravi Kumar Tamma** Director  
 DIN: 05308747  
**Ganesh Padmawar** Company Secretary  
 Membership No: ACS 44421





**DANLAW TECHNOLOGIES INDIA LIMITED**  
Consolidated Statement of Profit and Loss for the period ended March 31, 2021

Particulars	Notes	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>INCOME</b>			
Revenue from operations	21	98,88,01,004	54,84,96,971
Other income (net)	22	1,54,00,861	1,23,15,454
<b>Total income</b>		<b>1,00,42,01,865</b>	<b>56,08,12,425</b>
<b>EXPENSES</b>			
Cost of materials consumed	24	63,81,84,031	30,65,50,280
Purchases of stock-in-trade		2,66,364	17,73,766
Changes in inventories of finished goods and work-in-progress	25	7,81,739	(96,43,100)
Employee benefits expense	23	19,65,17,449	19,42,71,764
Finance costs	26	89,73,590	43,70,163
Depreciation and amortisation expense	27	3,93,83,357	3,20,36,891
Other operating expenses	28	9,34,63,637	9,80,80,840
<b>Total expenses</b>		<b>97,75,72,167</b>	<b>62,74,40,604</b>
<b>Profit before tax</b>		<b>2,66,29,698</b>	<b>(6,66,28,179)</b>
<b>Tax expense</b>			
Current tax	17	89,64,222	8,91,202
Deferred tax	17	(11,59,279)	(1,48,82,747)
Prior period tax	17	28,41,054	(5,95,154)
<b>Total tax expense</b>		<b>1,06,45,997</b>	<b>(1,45,86,699)</b>
<b>Profit for the year</b>		<b>1,59,83,701</b>	<b>(5,20,41,480)</b>
<b>Other comprehensive income</b>			
A Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of the defined benefit plans		(17,68,486)	18,63,979
(b) Income tax relating to items that will not be reclassified to profit or loss		4,59,806	(4,84,635)
B Items that may be reclassified to profit or loss			
(a) Exchange differences in translating the financial statements of foreign operations		(36,78,925)	46,83,486
<b>Total other comprehensive income / (Losses)</b>		<b>(49,87,605)</b>	<b>60,62,830</b>
<b>Total comprehensive income for the year</b>		<b>1,09,96,096</b>	<b>(4,59,78,650)</b>
<b>Profit for the year attributable to:</b>			
- Owners of the Company		31,00,331	(4,53,48,560)
- Non controlling interests		1,28,83,370	(66,92,920)
		<b>1,59,83,701</b>	<b>(5,20,41,480)</b>
<b>Other comprehensive income for the year attributable to:</b>			
- Owners of the Company		(48,42,337)	62,13,567
- Non controlling interests		(1,45,268)	(1,50,737)
		<b>(49,87,605)</b>	<b>60,62,830</b>
<b>Total comprehensive income for the year attributable to:</b>			
- Owners of the Company		(17,42,006)	(3,91,34,993)
- Non controlling interests		1,27,38,102	(68,43,657)
		<b>1,09,96,096</b>	<b>(4,59,78,650)</b>
<b>Earnings per equity share</b>			
(Equity shares, par value of Rs. 10 each)			
Basic (Rs.)	32	0.84	(12.23)
Diluted (Rs.)		0.84	(12.23)
<b>Corporate information and significant accounting policies</b>			
The accompanying notes form an integral part of the statements	1 & 2 3-32		

As per our report attached  
For **CSV & ASSOCIATES**  
Chartered Accountants  
Firm: 0121215  
**G Venkatesh**  
(CA. VENKATESH G.)  
Partner  
Membership No: 239608



**SIRISH BATCHU**  
Managing Director  
DIN: 88335245  
**A V R K VARMA**  
Chief Financial Officer

for and on behalf of the Board  
**RAVI KUMAR TAMMA**  
Director  
DIN: 05306747  
**Gautav Padmawar**  
Company Secretary  
Membership No: ACS 44421



Hyderabad  
June 30, 2021



**DANLAW TECHNOLOGIES INDIA LIMITED**

Consolidated Statement of changes in equity for the year ended March 31, 2021

**a. Equity**

Particulars	Number of Shares	Amount
Balance at March 31, 2019	37,07,490	3,70,74,900
Changes in equity share capital during the year	-	-
Balance at March 31, 2020	37,07,490	3,70,74,900
Changes in equity share capital during the year	-	-
Balance at March 31, 2021	37,07,490	3,70,74,900

**b. Other Equity**

Particulars	Attributable to Equity shareholders of Parent Company						
	Reserves and Surplus			Items of OCI	Total other Equity	Non Controlling Interest	Total
	Securities premium reserve	Foreign Currency Translation Reserve	Retained Earnings	Other items of other comprehensive income			
Balance at March 31, 2019	20,51,02,890	96,97,554	(5,90,51,677)	(5,57,368)	22,41,91,367	3,49,22,754	25,91,14,121
Through acquisitions	-	-	-	-	-	-	-
Exchange difference arising on translating the foreign operations	-	46,83,486	-	-	46,83,486	-	46,83,486
Reassessment of net defined benefit liability/asset, net of tax effect (refer note **)	-	-	-	15,30,081	15,30,080	(1,30,737)	13,79,344
Profit for the year	-	-	(4,53,48,560)	-	(4,53,48,560)	(66,92,923)	(5,20,41,483)
Adj. / profits on sale of shares in subsidiaries	-	-	-	-	-	-	-
Balance at March 31, 2020	20,51,02,890	1,43,81,040	(9,54,00,237)	9,72,721	18,90,56,374	2,88,79,097	21,79,35,471
Exchange difference arising on translating the foreign operations	-	(36,78,925)	-	-	(36,78,925)	-	(36,78,925)
Reassessment of net defined benefit liability/asset, net of tax effect (refer note **)	-	-	-	(11,63,412)	(11,63,412)	(1,45,288)	(13,08,690)
Profit for the year	-	-	31,00,331	-	31,00,331	1,28,83,373	3,59,83,701
Balance at March 31, 2021	20,51,02,890	1,07,02,115	(9,22,99,906)	(1,90,691)	18,33,34,368	4,08,17,199	22,41,71,567

As per our report attached for CSVR & ASSOCIATES

Chartered Accountants

FRN: 01121215

G. Venkatesh  
(CA VENKATESH G.)

Partner

Membership No: 239608

Hyderabad

June 30, 2021



SIRISH BAYCHU

Managing Director

DIN: 08350266

A V R VARMA

Chief Financial Officer

For and on behalf of the Board  
BAVERUMMA LAKSHI

Director

DIN: 05067407

Ganesh Padmanwar

Company Secretary

Membership No: ACS 44621



**DANLAW TECHNOLOGIES INDIA LIMITED**  
Consolidated Statement of Cash Flows

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax	2,48,61,212		(6,47,64,200)	
<u>Adjustments for:</u>				
Depreciation and amortisation expense	2,59,23,130		1,78,86,541	
<b>Operating profit before working capital changes</b>		<b>5,07,84,342</b>		<b>(4,68,77,659)</b>
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Trade receivables	(2,40,61,865)		1,56,74,970	
Other financial assets	(1,47,20,246)		(45,16,478)	
Inventories	(3,79,10,392)		(61,48,843)	
Other assets	(1,59,91,552)		(2,66,06,691)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	(2,73,16,254)		(14,35,093)	
Other financial liabilities	7,70,15,730		3,67,52,149	
Other liabilities	(38,55,129)		11,04,16,831	
Provisions	55,76,861		37,31,274	
<b>Cash generated from operations</b>		<b>95,11,495</b>		<b>8,09,93,460</b>
Net income tax paid		(1,18,05,276)		(2,95,248)
<b>Net cash flow from operating activities (A)</b>		<b>(22,93,781)</b>		<b>8,06,98,212</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure on fixed assets, including capital advances	(7,01,18,917)		(9,93,94,814)	
Proceeds from sale of fixed assets	2,25,982		1,51,253	
Investment in Research & Development	(1,42,70,359)			
<b>Net cash (used in) / flow from investing activities (B)</b>		<b>(8,41,63,294)</b>		<b>(9,92,43,561)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings	6,81,93,183			
<b>Net cash flow (used in) financing activities (C)</b>		<b>6,81,93,183</b>		<b>-</b>
<b>Net (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(1,82,63,892)</b>		<b>(1,85,45,349)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>5,48,26,698</b>		<b>6,86,88,561</b>
Effect of exchange differences on translation of foreign		(36,78,925)		46,83,486
<b>Cash and cash equivalents at the end of the year (Refer Note (i) below)</b>		<b>3,28,83,881</b>		<b>5,48,26,698</b>

As per our report attached

for and on behalf of the Board

For **CSVR & ASSOCIATES**  
Chartered Accountants  
FRN: 0121215  
**G. Venkatesh**  
(CA. VENKATESH G.)  
Partner  
Membership No: 239608



**SIRISH BATCHU**  
Managing Director  
DIN: 08335245  
**A V R K VARMA**  
Chief Financial Officer

**RAVI KUMAR TAMMA**  
Director  
DIN: 05306747  
**Gaurav Padmawar**  
Company Secretary  
Membership No: ACS 44421

Hyderabad  
June 30, 2021



3. Property, plant and equipment and capital work-in-progress

Description of Assets	Freehold land	Buildings	Leasehold improvements	Computer	Fleet and equipment	Office equipment	Furniture and fixtures	Electrical installations	Vehicles	Total
<b>I. Cost or deemed cost</b>										
Balance as at March 31, 2019	-	4,60,71,604	14,61,850	88,35,053	14,29,65,825	71,89,523	1,29,21,486	31,37,424	82,30,991	2,04,77,495
Additions	-	69,62,463	-	23,06,499	4,85,66,973	2,47,965	85,14,733	21,87,038	-	6,77,67,664
Disposals	-	-	-	-	(3,17,554)	(21,199)	(11,500)	-	-	(1,51,253)
Additions through business combinations	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	-	5,30,34,127	14,61,850	1,08,42,352	21,08,15,244	79,36,279	1,96,25,639	54,24,462	82,30,991	3,08,93,903
Additions	-	19,67,950	-	12,12,338	6,55,72,057	12,09,548	1,42,320	-	-	7,31,04,517
Disposals	-	-	-	-	(3,36,863)	(787)	(88,332)	-	-	(2,25,982)
Additions through business combinations	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	-	5,50,02,077	14,61,850	1,20,54,690	24,72,36,636	90,45,039	1,94,79,431	54,24,462	82,30,991	4,07,92,426
<b>II. Accumulated depreciation</b>										
Balance as at March 31, 2019	-	2,02,89,677	-	5,97,823	74,99,600	10,08,96,379	37,67,666	1,10,12,799	23,13,987	1,53,13,727
Depreciation expense for the year	-	33,62,347	-	45,446	16,88,447	1,31,09,219	3,55,211	5,74,345	3,71,474	1,68,54,604
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-
Eliminated on disposal of assets	-	-	-	-	-	88,349	(15,455)	(6,822)	-	(29,622)
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	-	2,32,12,024	-	6,46,809	71,86,217	11,32,46,254	46,47,423	1,15,96,142	25,85,461	1,60,76,711
Depreciation expense for the year	-	20,03,476	-	48,446	20,97,809	1,49,99,672	4,47,868	9,54,572	3,51,206	2,14,48,179
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-
Eliminated on disposal of assets	-	-	-	-	-	1,284	(7)	(1,607)	-	(130)
Balance as at March 31, 2021	-	2,42,15,448	-	6,95,915	94,86,066	12,82,47,253	53,59,283	1,24,11,407	29,36,667	1,82,24,760
<b>III. Carrying Amount</b>										
Carrying Amount	Freehold land	Buildings	Leasehold improvements	Computer	Fleet and equipment	Office equipment	Furniture and fixtures	Electrical installations	Vehicles	Total
Balance as at March 31, 2019	-	2,58,21,927	8,87,827	30,36,853	6,27,69,447	12,41,896	19,89,607	8,43,467	25,14,521	11,91,63,784
Additions	-	69,62,463	-	23,06,499	4,85,66,973	2,47,965	85,14,733	21,87,038	-	6,77,67,664
Disposals	-	-	-	-	(3,17,554)	(21,199)	(11,500)	-	-	(1,51,253)
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	(19,67,950)	-	(12,12,338)	(6,55,72,057)	(12,09,548)	(1,42,320)	-	-	(7,31,04,517)
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	-	3,08,22,321	8,87,827	24,54,108	12,05,68,990	17,28,896	78,45,497	29,26,729	19,20,428	17,00,17,142
Additions	-	19,67,950	-	12,12,338	6,55,72,057	12,09,548	1,42,320	-	-	7,31,04,517
Disposals	-	-	-	-	(3,36,863)	(787)	(88,332)	-	-	(2,25,982)
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	(20,03,476)	-	(48,446)	(20,97,809)	(1,49,99,672)	(4,47,868)	(9,54,572)	(3,51,206)	(2,14,48,179)
Balance as at March 31, 2021	-	3,07,86,637	7,89,827	25,88,634	17,33,63,724	24,89,796	69,66,028	24,65,122	13,69,221	23,86,67,678

4. Other intangible assets

Description of Assets	Computer software	R & D Expenses	Total
<b>I. Cost or deemed cost</b>			
Balance as at March 31, 2019	58,72,484	-	58,72,484
Additions	60,000	321,58,992	3,22,26,992
Balance as at March 31, 2020	59,40,484	3,21,58,992	3,80,99,476
Additions	14,400	1,42,70,379	1,42,84,779
Balance as at March 31, 2021	59,54,884	4,64,29,371	5,23,84,255
<b>II. Accumulated depreciation and impairment</b>			
Balance as at March 31, 2019	31,23,666	-	31,23,666
Amortisation expense for the year	10,31,989	-	10,31,989
Balance as at March 31, 2020	41,55,655	-	41,55,655
Amortisation expense for the year	9,80,659	34,54,422	44,75,081
Balance as at March 31, 2021	51,36,314	34,54,422	86,30,136
<b>III. Carrying Amount</b>			
Balance as at March 31, 2019	27,48,818	-	27,48,818
Additions	60,000	3,21,58,992	3,22,26,992
Depreciation expense	10,31,989	-	10,31,989
Balance as at March 31, 2020	17,76,829	3,21,58,992	3,59,44,421
Additions	14,400	1,42,70,379	1,42,84,779
Depreciation expense	9,80,659	34,54,422	44,75,081
Balance as at March 31, 2021	6,20,570	4,26,84,939	4,33,05,509

Research and Development:

Direct expenses incurred on R&D during the year for the development of products are treated as deferred revenue expenditure. The amount shall be amortized against the revenues to be earned over period of time, to be determined at the time of product launch.

5. Leasehold liabilities

The Company has adopted Ind AS 116 "Leases" with the date of inception of the lease being April 1, 2020 and has discontinued lease payments following any the changes in the carrying value of right of use assets for the year ended March 31, 2021.

Particulars	Amount as on 01-04-2020	Additions	Termination during the year	Amortisation	Carrying Value as on 31-03-2021
Leasehold Assets	5,50,19,074	-	-	(1,36,34,000)	4,14,11,071

The following is the break up of current and non-current lease liabilities as at March 31, 2021:

Particulars	31-Mar-21
Current	82,85,129
Non-Current	1,33,38,498
Total	1,96,81,627

The following is the movement in lease liabilities during the year ended March 31, 2021:

Particulars	31-Mar-21
Balance as on 01-04-2020	5,50,19,074
Additions to lease liabilities	-
Termination during the year	-
Interest Expense	19,34,423
Cash Outflows during the year	(1,53,67,967)
Balance as on 31-03-2021	1,96,81,627

6. Goodwill

Particulars	As at	
	March 31, 2021	March 31, 2020
Goodwill on acquisition of Titan Toys Products Ltd (name changed to Danlaw Electronics Assembly Ltd post acquisition)	24,01,307	24,01,307
	24,01,307	24,01,307





7. Other financial assets (carried at amortised cost)

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non-current</b>		
Bank Deposits		
Security deposits		
- Secured, considered good		
- Unsecured, considered	64,21,217	57,44,484
<b>Total non-current other financial</b>	<b>64,21,217</b>	<b>57,44,484</b>
<b>Current</b>		
Derivative financial asset		
Unbilled revenue		
Interest accrued on deposits	16,09,596	9,06,780
Interest accrued - inter company		
Loan to employees		1,59,878
Security deposits		
<b>Total current other financial assets</b>	<b>16,09,596</b>	<b>10,66,658</b>
<b>Total other financial assets</b>	<b>80,30,813</b>	<b>68,11,142</b>

8. Other assets

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non-current</b>		
Prepaid expenses	37,42,827	42,78,555
<b>Total non-current assets</b>	<b>37,42,827</b>	<b>42,78,555</b>
<b>Current:</b>		
Prepaid expenses	62,62,049	75,94,305
Balance with government	95,82,178	54,53,329
Advances recoverable in cash or	4,03,97,997	1,11,01,806
Lease Rentals Equalisation	3,93,253	3,53,925
<b>Total current assets</b>	<b>5,66,35,477</b>	<b>2,45,03,365</b>
<b>Total other assets</b>	<b>6,03,78,304</b>	<b>2,87,81,920</b>

9. Inventories

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Current</b>		
Inventories (lower of cost and net realisable value)		
Raw materials	11,91,38,092	8,16,96,991
Work-in-progress	3,75,852	13,43,235
Tools	36,00,503	15,89,941
Semi-Finished goods	30,12,739	1,10,42,704
Finished goods	1,95,66,449	1,21,10,372
<b>Total</b>	<b>14,56,93,635</b>	<b>10,77,83,243</b>

10. Trade receivables

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Trade receivables - Current</b>		
Unsecured, considered good	16,44,90,886	14,04,29,021
Doubtful		
Less: Allowance for doubtful	1,48,393	1,48,393
<b>Total</b>	<b>16,43,42,493</b>	<b>14,02,80,628</b>



Note - 11: Cash and Bank Balances

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Balances with Banks		
in current accounts	1,12,53,942	4,49,02,269
in deposit accounts	2,15,95,090	98,99,911
Cash on hand	34,849	24,518
<b>Total Cash and cash equivalents</b>	<b>3,28,83,881</b>	<b>5,48,26,698</b>
Cash and cash equivalents as per Statement of Cash flows	3,28,83,881	5,48,26,698

12. Loans

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Non - Current</b>		
Loans to related parties		
- Unsecured, considered	-	-
Loans to employees	6,62,794	6,22,475
<b>Total Non current Loans</b>	<b>6,62,794</b>	<b>6,22,475</b>
<b>Current</b>		
Loans to employees		
- Unsecured, considered good	6,31,277	5,37,738
- Loan to associates	6,01,09,849	4,67,43,232
<b>Total current loans</b>	<b>6,07,41,126</b>	<b>4,72,80,970</b>
<b>Total</b>	<b>6,14,04,020</b>	<b>4,79,03,445</b>

13. Equity share capital

Particulars	As at March 31	As at March 31
	2020	2019
Authorised share capital: 500000 fully paid up equity shares	5,00,00,000	5,00,00,000
Issued and subscribed capital: Issued Equity Share capital	3,70,74,900	3,70,74,900
<b>Total</b>	<b>3,70,74,900</b>	<b>3,70,74,900</b>

Notes:

(A) Reconciliation of the number of shares outstanding:

Particulars	Number of shares	Amount
Balance at March 31, 2019	37,07,490	3,70,74,900
Buyback of shares	-	-
Balance at March 31, 2020	37,07,490	3,70,74,900
Buyback of shares	-	-
Balance at March 31, 2021	37,07,490	3,70,74,900

(B) Details of shares held by each shareholder holding more than 5% shares

	As at March 31		As at March 31	
	2021		2020	
	Number of shares	% holding of	Number of	% holding of
Fully paid equity shares				
Danlaw Systems India Limited	14,61,592	39.29%	14,61,592	39.29%



DANLAW TECHNOLOGIES INDIA LIMITED  
Notes forming part of the Consolidated financial statements

14.1. Other equity excluding non-controlling interests

Particulars	As at March 31	As at March 31
	2021	2020
General reserve		
Securities premium account	26,51,02,850	26,51,02,850
Foreign currency translation reserve	1,07,02,115	1,43,81,040
Retained earnings	(9,24,90,597)	(9,44,27,516)
<b>Balance at end of year</b>	<b>18,33,14,368</b>	<b>18,50,56,374</b>

14.2 Securities premium reserve

Balance at beginning of year	26,51,02,850	26,51,02,850
<b>Balance at end of year</b>	<b>26,51,02,850</b>	<b>26,51,02,850</b>

14.3 Foreign currency translation reserve

	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	1,43,81,040	96,97,554
Exchange difference arising on translating the foreign operations	(36,78,925)	46,83,486
<b>Balance at end of year</b>	<b>1,07,02,115</b>	<b>1,43,81,040</b>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Rs.36,78,925) are recognised directly in other

14.4 Retained earnings

	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	(9,44,27,516)	(5,06,09,037)
Profit attributable to owners of the Company	31,00,331	(4,53,48,560)
Remeasurements of the defined pension plan	(11,63,412)	15,30,081
Adj./Profit on sale of shares in subsidiary	-	-
<b>Balance at end of year</b>	<b>(9,24,90,597)</b>	<b>(9,44,27,516)</b>

15. Other financial liabilities

Particulars	As at March 31,	As at March 31,
	2021	2020
<b>Non - Current</b>		
Retention monies		
Loan from related party - ECB	11,02,57,050	3,76,92,950
Security deposits	28,66,612	26,06,012
<b>Total</b>	<b>11,31,23,662</b>	<b>4,02,98,962</b>
<b>Current</b>		
(i) Others	44,82,282	2,91,252
<b>Total</b>	<b>44,82,282</b>	<b>2,91,252</b>

16. Provisions

Particulars	As at March 31,	As at March 31,
	2021	2020
<b>Provisions</b>		
Employee benefits	74,21,365	42,13,863
Current	74,21,365	42,13,863
Non - Current	4,32,51,017	4,08,81,658
<b>Total</b>	<b>5,06,72,382</b>	<b>4,50,95,521</b>





**DANLAW TECHNOLOGIES INDIA LIMITED**  
Notes forming part of the Consolidated financial statements

**17. Income taxes**

**17.1. Deferred tax balance**

Particulars	As at March 31,	
	2021	2020
Deferred tax assets	5,41,15,907	4,86,20,406
Deferred tax liabilities	1,71,95,404	1,31,48,855
<b>Total</b>	<b>3,69,20,503</b>	<b>3,54,71,551</b>

2020-21	Opening Balance	Recognised in profit or loss	Closing balance
Deferred tax (liabilities)/assets in relation to			
Cost & Estimated Earnings in Excess of Billings			
Depreciation & Amortization	(1,31,48,855)	(40,46,549)	(1,71,95,404)
Employee benefit expense OCI	(6,48,371)	4,59,806	(1,88,565)
MAT Credit	71,64,705	-	71,64,705
Others	4,21,04,072	50,35,696	4,71,39,768
<b>Total</b>	<b>3,54,71,551</b>	<b>14,48,953</b>	<b>3,69,20,504</b>

**17.2. Tax assets and liabilities**

Particulars	As at March 31,	
	2021	2020
<b>Tax assets</b>		
Current tax assets	27,54,257	47,25,087
<b>Current tax liabilities</b>		
Income tax payable	89,47,385	1,31,933
<b>Total Current tax liabilities</b>	<b>89,47,385</b>	<b>1,31,933</b>

**17.3 - Tax Expense**

**a) Recognised in statement of profit and loss**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Current tax</b>		
In respect of the current year	89,64,222	8,91,202
In respect of prior years	28,41,054	(5,95,154)
	<b>1,18,05,276</b>	<b>2,96,048</b>
<b>Deferred tax</b>		
In respect of the current year	(11,59,279)	(1,48,82,747)
	<b>(11,59,279)</b>	<b>(1,48,82,747)</b>

**b) Recognised in Other comprehensive Income**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Deferred tax</b>		
In respect of the current year	(4,59,806)	4,48,635
	<b>(4,59,806)</b>	<b>4,48,635</b>

*The Income tax expense for the year can be reconciled to the accounting profit as follows*

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax from continuing operations	2,48,61,212	(6,47,64,200)
Income tax expense calculated	89,64,222	8,91,202
Depreciation adjustment	(98,87,230)	(1,09,36,666)
Expenses (disallowed) / allowed under Income Tax Act	(83,53,135)	(83,39,979)
Set off of losses	-	-
<b>Taxable Income</b>	<b>66,20,847</b>	<b>(8,40,40,845)</b>
Tax Rate		



DANLAW TECHNOLOGIES INDIA LIMITED  
Notes forming part of the Consolidated financial statements

18. Other liabilities

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non - Current</b>		
Revenue received in advance	24,11,661	26,38,885
<b>Total</b>	<b>24,11,661</b>	<b>26,38,885</b>
<b>Current</b>		
Advance from customers	11,72,56,186	12,30,47,069
Statutory remittances	50,13,665	37,09,090
Others	70,58,897	17,72,586
<b>Total</b>	<b>12,93,28,748</b>	<b>12,85,28,745</b>

19. Financial Liabilities-Borrowings

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non-Current</b>		
-From Banks		
Long term borrowings		
Term Loan	17920000	-
(refer note (a) below)		
<b>Total</b>	<b>17920000</b>	
<b>Current</b>		
- From Banks		
Short term borrowings		
Term Loan		
Cash Credit Loan	5,02,73,183	-
(refer note (b) below)		
<b>Total</b>	<b>5,02,73,183</b>	
<b>Total Financial Liabilities-Loans</b>	<b>6,81,93,183</b>	<b>-</b>

20. Trade Payables

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Trade Payables - Current</b>		
Dues to micro enterprises and small	81,98,178	50,08,329
Dues to creditors other than micro	11,67,49,344	14,72,65,447
<b>Total</b>	<b>12,49,47,522</b>	<b>15,22,73,776</b>

21. Revenue from operations

Particulars	For the year ended	For the year
	March 31, 2021	ended
		March 31, 2020
Sale of services	5,70,82,854	8,43,04,557
Sale of products	93,17,18,150	46,41,92,414
<b>Total</b>	<b>98,88,01,004</b>	<b>54,84,96,971</b>

22. Other income (net)

Particulars	For the year ended	For the year
	March 31, 2021	ended
		March 31, 2020
<b>Interest income on financial assets carried at amortised cost</b>		
Bank deposits	10,01,205	10,21,259
Interest on Income Tax	86,450	4,08,006
Others Ind AS adjustments	8,41,765	7,08,913
	<b>19,29,420</b>	<b>21,38,178</b>
<b>Other non-operating income</b>		
Lease Rentals	88,08,800	94,38,000
Lease Rentals - Ind AS	1,86,796	3,53,925
Miscellaneous income ( net)	3,88,298	3,85,351
	<b>93,83,894</b>	<b>1,01,77,276</b>
<b>Other gains and losses</b>		
Net foreign exchange gain	40,87,547	-
Gain on disposal of property, plant and equipment	-	-
	<b>40,87,547</b>	<b>-</b>
<b>Total</b>	<b>1,54,00,861</b>	<b>1,23,15,454</b>



23. Employee Benefits Expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages, including bonus	16,96,32,554	14,98,74,267
Contribution to provident and other funds	1,61,49,649	1,37,91,823
Staff welfare expenses	1,07,35,246	1,23,41,816
<b>Total</b>	<b>19,65,17,449</b>	<b>17,60,07,906</b>

24. Cost of materials consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Opening stock	8,16,96,991	9,43,85,392
(b) Add: Purchases	68,25,00,050	29,38,61,879
(c) Less: Closing stock	12,60,13,010	8,16,96,991
	<b>63,81,84,031</b>	<b>30,65,50,280</b>

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Opening Stock:</b>		
Finished goods	1,68,61,859	72,18,759
Work-in-progress	-	-
	<b>1,68,61,859</b>	<b>72,18,759</b>
<b>Closing Stock:</b>		
Finished goods	1,60,80,120	1,68,61,859
Work-in-progress	-	-
	<b>1,60,80,120</b>	<b>1,68,61,859</b>
<b>Net (increase) / decrease</b>	<b>7,81,739</b>	<b>(96,43,100)</b>

26. Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense		
- Interest security deposit Ind AS	13,88,135	24,12,622
- Other interest expense	75,87,455	19,57,541
<b>Total</b>	<b>89,75,590</b>	<b>43,70,163</b>

27. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment	2,14,48,049	1,68,54,554
Amortisation of intangible assets	1,79,35,308	1,51,82,337
<b>Total</b>	<b>3,93,83,357</b>	<b>3,20,36,891</b>





**11. Other non-current expenses**

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	₹	₹	₹	₹
Land including lease amount (Note 12)		75,40,058		86,02,110
Fees and taxes		16,64,097		12,56,132
Insurance		8,38,113		3,77,769
Repairs and repairs accounted		1,14,07,775		79,61,915
Health Check-ups		2,32,276		4,41,994
Travel and conveyance		43,48,488		1,04,76,376
Subscriptions charges		7,91,756		11,20,738
Contingencies		11,79,512		1,12,007
Printing and stationery		4,88,303		4,71,986
Power and fuel		1,06,89,433		99,76,660
Salaries and Distribution expenses		2,16,27,954		1,93,00,131
Repairs and maintenance				
- Buildings		18,66,851		27,59,817
- Machinery		97,01,886		84,02,799
- Furniture		45,54,619		38,79,827
- House Keeping		56,05,548		37,38,914
- Vehicles		2,16,124		4,37,964
- Other Maintenance		27,47,582		27,02,711
Directors Remuneration				
- Directors remuneration fee	2,00,000	2,00,000	4,00,000	4,00,000
Trade receivables interest cost	4,14,253	-	20,282	-
Less: Keyman's provision for doubtful debts	-	4,78,733	-	20,282
Bad debts (reversals) (Note 10)		13,74,414		12,25,231
Investment expenses		7,78,948		8,22,817
Foreign exchange loss		4,02,215		90,06,432
Depreciation - Computer Fee		2,48,079		1,98,661
Legal Fee		3,00,000		3,00,000
Investment/Liquidity/Flare fee		45,93,296		40,35,296
Advertisement Fee		36,52,103		51,71,334
Dividends		-		-
Bank charges		15,40,583		14,95,035
Miscellaneous expenses		3,36,516		7,11,411
<b>Total</b>		<b>4,36,43,627</b>		<b>4,88,30,848</b>

**12. Auditor's remuneration of service fee comprises of:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Company		
For statutory audit	2,42,800	2,20,000
For other services	2,67,800	4,72,479
Subtotal/expense of expenses	5,10,600	6,92,479
Subsidies		
For statutory audit	3,00,000	5,76,780
<b>Total Auditor's remuneration</b>	<b>8,10,600</b>	<b>12,69,259</b>

**13. Managerial remuneration**

The following managerial remuneration was paid as per board of Director's decision and approved by shareholders.

	2021	2020
Salary	1,11,47,107	18,00,000
Contributions to PF	1,95,196	2,10,000
Medical (MSA)	1,05,516	4,333
	<b>1,13,47,819</b>	<b>20,14,333</b>

**14. Outstanding Liabilities**

Particulars	2021	2020
Bank overdrafts	20,40,400	29,51,121

**15. Related party transactions**

Related Party Transactions	Relation	Transactions for the year ended		Balance as at March 31	
		2021	2020	2021	2020
<b>Salary &amp; Services</b>					
Danlaw Technologies Inc	Subsidiary	-	1,67,46,100	(9,06,932)	(9,06,932)
Danlaw Inc	Associate	4,02,75,280	4,30,49,997	(194,24,779)	(11,22,88,700)
Danlaw Directors Assembly Ltd	Subsidiary	-	2,67,581	-	-
<b>Purchase</b>					
Danlaw Inc	Associate	-	-	-	66,90,757
Danlaw Directors Assembly Ltd	Subsidiary	20,56,11,000	1,28,76,796	3,09,91,900	-
<b>Amortisation</b>					
Danlaw Inc	EMF	1,03,55,667	28,20,303	-	-
<b>Lease payable</b>					
D Danlaw Inc	Relative of KMP	36,26,748	34,72,896	-	3,10,361
D Danlaw Inc	Relative of KMP	36,26,748	34,72,896	-	3,10,361
<b>Loans</b>					
Danlaw Inc	Associate	1,31,66,713	4,30,869	4,08,06,649	4,67,41,022
<b>Receivable - A/B</b>					
Danlaw Inc	Subsidiary	7,25,64,880	13,42,472	11,03,57,809	1,76,92,994

The Transactions with related parties have been carried at arm's length price and also supported by the documentation reflecting

**16. Earnings per share**

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Profit after tax	51,18,111	13,54,565
Basic		
Number of shares outstanding at	37,07,895	37,07,896
Earnings per share (₹)	1.38	0.37
Diluted		
Effect of potential equity shares on		
Weighted average number of	37,07,895	37,07,896
Earnings per share (₹)	1.38	0.37

Note: E.P.S is calculated based on profit/loss using the other comprehensive income

**Financial Instruments**

**Financial Instruments by category**

The carrying value and fair value of financial instruments carried at amortised cost

Particulars	Level	Carrying Value as at March 31		Fair Value as at March 31	
		2021	2020	2021	2020
<b>Assets</b>					
Bank Balance					
Other Financial Assets	1	94,71,217	97,44,494	94,71,217	97,44,494
Trade receivables	1	16,41,12,411	14,02,86,628	16,41,12,411	14,02,86,628
Cash and cash equivalents	1	1,26,97,661	5,68,26,696	1,26,97,661	5,68,26,696
Other financial assets	1	16,00,596	19,69,659	16,00,596	19,69,659
<b>Total</b>		<b>20,74,82,485</b>	<b>20,18,13,569</b>	<b>20,74,82,485</b>	<b>20,18,13,569</b>
<b>Liabilities</b>					
Current					
Trade payables	1	-	10,32,75,776	-	10,32,75,776
<b>Total</b>			<b>10,32,75,776</b>		<b>10,32,75,776</b>

There are no financial instruments of the company that are reflected by measurement at fair value

**Fair value hierarchy**

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The carrying value of the current financial assets and current financial liabilities are taken as fair value because of their short-term nature. The fair value of non-current financial assets is determined by using the discounted cash flow method by the management.



## 1. Corporate information:

The Company is in the business of providing engineering and software development consulting services, Industrial electronics. Danlaw Technologies, Inc. (DTI) is a wholly owned subsidiary of Danlaw Technologies India, Ltd (DTIL), a foreign corporation. DTI was incorporated in USA in September 2001 to market engineering and information technology services to customers in the United States of America. Danlaw Electronics Assembly Ltd (DEAL), Goa is the subsidiary of DTIL which was acquired in June 2018 to avail the production facility of electronics.

## 2. Significant accounting policies

### a. Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2018 are the first the Company has prepared in accordance with Ind AS. Refer to note XX for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- ▶ Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).
- ▶ Plan Assets of defined benefit obligations.

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

### b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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





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

**c. Business combinations and goodwill**

Business combinations other than business combinations under common control are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

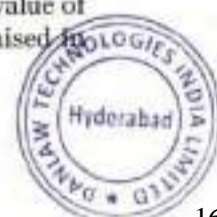
- ▶ Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- ▶ Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- ▶ Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- ▶ Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in





OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

#### **d. Foreign currencies**

##### **Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Adjustments are made for any variation in the sales realizations / purchase payments on conversion into Indian currency upon actual receipt / payment.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

#### **e. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.



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

- ▶ In the principal market for the asset or liability, or
  - ▶ In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Company's external valuers present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.





This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ▶ Quantitative disclosures of fair value measurement hierarchy (note xx)
- ▶ Financial instruments (including those carried at amortised cost) (note xx)

**f. Revenue recognition**

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

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

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

*i) Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

*ii) Rendering of services*

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

Revenue from user charges towards waste disposal is recognised as and when the related services are performed i.e. when the waste is collected, transported and is received at the dumping yards.

Revenue from consultancy and maintenance contracts is recognised as and when the related services are performed.

*iii) Interest income*

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

*iv) Dividends*

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





## **g. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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

## **h. Taxes**

### *i) Current income tax*

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

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

### *ii) Deferred tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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



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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

**Minimum alternative tax :** Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where they operate, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

*iii) Sales/ value added taxes paid on acquisition of assets or on incurring expenses*

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

▶ When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

▶ When receivables and payables are stated with the amount of tax included

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

**i. Property, plant and equipment**

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





regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- ▶ Building 30 years
- ▶ Computers 3 years
- ▶ Computer servers 6 years
- ▶ Lab and electrical equipment 10 years
- ▶ Office equipment 5 years
- ▶ Furniture & Fixtures 10 years
- ▶ Vehicles 8 years

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

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

#### **j. Intangible assets**

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

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

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





A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer software	3 years	SLM	No

**k. Borrowing costs**

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

**l. Leases**

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

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

*i) Company as a lessee*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note xx).

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increment is in line with the inflation rate.

**m. Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:



- ▶ Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- ▶ Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

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

#### n. Impairment of non-financial assets

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

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Goodwill is tested for impairment annually as at each reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is





less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**o. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**p. Provisions**

*i) General*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

**q. Employee benefits**

*i) Short-term employee benefit obligations*

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

*ii) Other long-term employee benefit obligations*

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.





### *iii) Post employment benefits*

#### *Defined Contribution plan*

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

#### *Defined benefit plan*

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

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

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

Past service costs are recognised in profit or loss on the earlier of:

- ▶ The date of the plan amendment or curtailment, and
- ▶ The date that the Company recognises related restructuring costs

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

- ▶ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ▶ Net interest expense or income

### *iv) Termination benefits*

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.



**r. Contributed equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**s. Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**t. Earnings per share**

*i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note xx)

*ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**u. Financial instruments**

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

*i) Financial assets*

*Initial recognition and measurement*

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

*Subsequent measurement*

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

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

*Debt instruments at amortised cost*





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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

#### *Debt instrument at FVTOCI*

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

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

#### *Debt instrument at FVTPL*

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### *Equity investments*

Equity investments in Subsidiaries, Associates and joint ventures are measured at cost as per Ind AS 27.

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





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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

#### *ii) Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

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

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

##### *Subsequent measurement*

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

##### *Financial liabilities at fair value through profit or loss*



Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

#### *Loans and borrowings*

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### *Reclassification of financial assets*

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

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

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.





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

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

*Derivatives that are not designated as hedges*

The company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses)

**3. Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

- Estimation of current tax expense and payable – Note xx
- Estimated useful life of intangible asset – Note xx
- Estimation of defined benefit obligation – Note xx





Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF DANLAW ELECTRONICS ASSEMBLY LIMITED**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the standalone financial statements of **DANLAW ELECTRONICS ASSEMBLY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

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

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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



## K Vijayaraghavan & Associates LLP

### Chartered Accountants



opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We consider quantitative materiality and qualitative factors in:

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Email: [audit@sathguru.com](mailto:audit@sathguru.com)

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) evaluating the effect of any identified misstatements in the financial statements.

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

## K Vijayaraghavan & Associates LLP Chartered Accountants



- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For K Vijayaraghavan & Associates LLP  
Chartered Accountants  
Firm Registration No.0047185/5200040

Place: Hyderabad  
Date: 07-06-2021



**K. Ragunathan**  
Partner  
Membership No. 213723  
UDIN: 21213723AAAAFX9293



**Annexure A to the Auditors' Report**

The Annexure referred to in our Independent Auditor's Report to the members of Danlaw Electronics Assembly Limited on the standalone financial statements for the year ended March 31, 2021, we report that:

- i. In respect of the Company's fixed assets:
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of one year. In accordance with this programme, entire fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- ii. The management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Act, with respect to grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder are not applicable to the Company.

- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for any of the services rendered by the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- viii. The Company has not defaulted in repayment of any loans or borrowings from financial institutions, banks and government & has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- ix. According to the information and explanation given to us, the company has not raised any money by the way of initial public offer or further public offer and the term loans have been applied for the purpose for which they were raised.
- x. According to the information and the explanation given to us and based on the audit procedures performed, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.
- xi. According to the information and the explanation given to us and based on the examination of the records of the company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion and according to the information and explanation given to us, the company is not a Nidhi company. Accordingly paragraph 3(xii) is not applicable to the company.
- xiii. According to the information and the explanation given to us and based on the examination of the records of the company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

## K Vijayaraghavan & Associates LLP Chartered Accountants



- xiv. According to the information and the explanation given to us and based on the examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and the explanation given to us and based on the examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) is not applicable.
- xvi. The company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 and accordingly the provisions of the paragraph 3(xiv) of the Order is not applicable to the company.

For K Vijayaraghavan & Associates LLP  
Chartered Accountants  
Firm Registration No.0047185/S200040

Place: Hyderabad  
Date: 07-06-2021



**K. Ragunathan**  
Partner  
Membership No. 213723  
UDIN:21213723AAAAFX9293



**Annexure B to the Auditors' Report**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Danlaw Electronics Assembly Limited 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 **DANLAW ELECTRONICS ASSEMBLY LIMITED** ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (c) 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 financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# K Vijayaraghavan & Associates LLP

## Chartered Accountants



### 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K Vijayaraghavan & Associates LLP  
Chartered Accountants  
Firm Registration No.0047185/S200040

Place: Hyderabad  
Date: 07-06-2021



**K. Ragunathan**  
Partner  
Membership No. 213723  
UDIN: 21213723AAAAAFX9293



**Danlaw Electronics Assembly Limited**

(Amount expressed in ₹ unless otherwise stated)

Balance Sheet as at

Particulars	Notes	March 31, 2021	March 31, 2020
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	20,22,04,178	15,06,95,590
Right of use assets (for lease)	21	1,14,99,225	1,16,43,001
Capital work-in-progress	4	-	-
Financial assets			
- Loans	5	6,52,794	6,22,475
- Other Financial Assets	6	85,728	85,726
Deferred Tax Assets (Net)	7	1,60,59,588	2,47,89,310
Other Non-Current Assets	8	1,39,226	1,06,418
		<b>23,06,20,740</b>	<b>18,79,42,530</b>
<b>Current Assets</b>			
Inventories	9	13,48,46,794	10,04,40,953
Financial Assets			
- Trade Receivables	10	15,87,10,675	8,38,87,975
- Cash and Cash Equivalents	11	40,10,181	1,19,67,171
- Loans	5	6,31,277	5,37,758
- Other Financial Assets	6	-	-
Current Tax Assets (Net)	12	8,90,088	13,03,798
Other Current Assets	8	5,06,03,535	1,73,43,620
		<b>34,97,01,489</b>	<b>21,74,81,255</b>
<b>TOTAL</b>		<b>58,03,22,229</b>	<b>40,54,23,775</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	13	5,16,96,750	5,16,96,750
Other Equity	14	13,42,79,840	9,35,57,054
		<b>18,59,76,590</b>	<b>14,52,53,804</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
- Borrowings	16	1,79,20,000	-
- Other financial liabilities	18	11,02,57,050	3,76,92,950
Provisions	15	4,32,51,017	4,08,81,658
Lease Liabilities	21	82,65,139	80,31,467
		<b>17,96,93,206</b>	<b>8,66,06,075</b>
<b>Current Liabilities</b>			
Financial liabilities			
- Borrowings	16	5,02,73,183	-
- Other financial liabilities	18	43,43,060	9,28,657
- Trade Payables	17	-	-
(A) Total Outstanding Dues of Micro Enterprises and Small Enterprises		81,98,178	50,08,329
(B) Total Outstanding Dues to Creditors other than Micro Enterprises and Small Enterprises		11,23,02,858	11,28,88,395
Provisions	15	45,84,316	20,91,588
Lease Liabilities	21	2,89,668	2,61,669
Other Current Liabilities	20	2,57,13,786	5,23,45,278
Current Tax Liabilities (Net)	19	89,47,385	-
		<b>21,46,52,434</b>	<b>17,35,23,896</b>
<b>TOTAL</b>		<b>58,03,22,229</b>	<b>40,54,23,775</b>

As per our Report of even date

For **K Vijayaraghavan & Associates LLP**  
Chartered Accountants  
Firm Registration No: 0047185/5200040

**K. Rajumohan**  
Partner  
Membership No: 213723  
Place: Hyderabad  
Date: 07/06/2021

On behalf of the Board of Directors of  
**Danlaw Electronics Assembly Limited**

**Raj S. Dandu**  
Director  
DIN: 00073484  
Place: Hyderabad  
Date: 07/06/2021

**Dandi Ashok**  
Director  
DIN: 08158794  
Place: Hyderabad  
Date: 07/06/2021



**Danlaw Electronics Assembly Limited**  
(Amount expressed in ₹ unless otherwise stated)

**Statement of Profit and Loss for the Financial Year Ended**

Particulars	Note	Year to date for period ended March, 2021	Year to date for period ended March 31, 2020
<b>I. Income</b>			
(a) Revenue from Operations	22	88,04,02,953	39,45,29,448
(c) Other Income	23	44,12,460	2,53,645
<b>Total Income</b>		<b>88,48,15,423</b>	<b>39,47,83,093</b>
<b>II. Expenses</b>			
(a) Cost of Materials Consumed	24	62,65,14,951	26,02,19,748
(b) Changes in Inventories of Finished Goods and Work-in-Progress	24	7,53,311	(91,81,107)
(c) Employee Benefits Expense	25	9,73,86,788	9,18,20,391
(d) Depreciation and Amortisation Expense	3	1,70,84,185	1,32,51,806
(e) Other Expenses	26	7,20,48,585	6,42,92,915
(f) Finance cost	27	75,86,583	19,44,007
<b>Total Expenses</b>		<b>82,13,25,003</b>	<b>42,23,47,759</b>
<b>III. Profit/(Loss) Before Tax (I-II)</b>		<b>6,34,90,421</b>	<b>(2,75,64,666)</b>
<b>IV. Income Tax Expense</b>			
<b>Current Tax</b>			
Tax for the period		89,75,078	-
Prior Period Tax		28,41,054	(6,19,700)
<b>Deferred Tax</b>		87,29,723	(46,35,288)
<b>Total Tax Expense</b>		<b>2,05,45,855</b>	<b>(52,54,988)</b>
<b>V. Profit/(Loss) for the Year (III-IV)</b>		<b>4,29,44,566</b>	<b>(2,23,09,730)</b>
<b>VI. Other Comprehensive Income, Net of Tax</b>			
Items that will not be reclassified to profit or loss		(6,54,158)	(6,78,996)
Remeasurement of the defined benefit obligations		1,70,133	1,76,538.96
Income tax on items that will not be reclassified to profit or loss			
<b>Other Comprehensive Income, Net of Tax</b>		<b>(4,84,025)</b>	<b>(5,02,457)</b>
<b>VII. Total Comprehensive Income for the Period (V+VI)</b>		<b>4,24,60,541</b>	<b>(2,28,12,187)</b>

**VIII Earnings Per Share (of ₹ 10/- each) (Not Annualised)**

(a) Basic (₹)	28	8.31	(4.32)
(b) Diluted (₹)	28	8.31	(4.32)

As per our report of even date attached for K V Jayaraghavan & Associates LLP Chartered Accountants

**K. Rajunathan**  
Partner  
Membership No: 215723  
Place: Hyderabad  
Date: 07/06/2021



For and on Behalf of the Board of Directors of Danlaw Electronics Assembly Limited

**Rajeev Dandu**  
Director  
DIN: 00073484  
Place: Hyderabad  
Date: 07/06/2021

**Dundi Ashok**  
Director  
DIN: 08158794  
Place: Hyderabad  
Date: 07/06/2021



**Danlaw Electronics Assembly Limited**  
(Amount expressed in ₹ unless otherwise stated)

**Statement of Changes in Equity for the Financial Year Ended**

**(A) Equity**

Particulars	No. of Shares	Amount
Issued and Paid up Capital at April 1, 2019	51,69,675	5,16,96,750
Changes in Equity Share Capital During the Year	-	-
<b>Balance at March 31, 2020</b>	<b>51,69,675</b>	<b>5,16,96,750</b>
Changes in Equity Share Capital During the year	-	-
<b>Balance at March 31, 2021</b>	<b>51,69,675</b>	<b>5,16,96,750</b>

**(B) Other Equity**

Particulars	Reserves and Surplus				Items of OCI	Total
	Securities Premium Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Gratuity OCI	
Balance at March 31, 2019	7,98,03,225	10,00,000	4,27,000	3,62,26,671	(10,47,653)	11,64,09,243
Profit for the Year	-	-	-	(2,21,09,732)	-	(2,21,09,732)
Other Comprehensive Income for the year (Net of Taxes)	-	-	-	-	(5,03,457)	(5,03,457)
<b>Balance at March 31, 2020</b>	<b>7,98,03,225</b>	<b>10,00,000</b>	<b>4,27,000</b>	<b>1,39,16,940</b>	<b>(15,50,110)</b>	<b>9,35,97,055</b>
Profit for the Year	-	-	-	4,29,44,566	-	4,29,44,566
Other Comprehensive Income for the year (Net of Taxes)	-	-	-	-	(22,63,780)	(22,63,780)
<b>Balance at March 31, 2021</b>	<b>7,98,03,225</b>	<b>10,00,000</b>	<b>4,27,000</b>	<b>5,68,61,506</b>	<b>(38,13,890)</b>	<b>13,42,79,840</b>

As per our report of **07/06/2021**  
for **K. V. Jayaram & Associates**  
Chartered Accountants

**K. Rajanitha**  
Partner  
Membership No: 201207  
Place: Hyderabad  
Date: 07/06/2021



for and on behalf of the Board of Directors of  
Danlaw Electronics Assembly Limited

**Raja S. Chandu**  
Director  
DIN: 00073484  
Place: Hyderabad  
Date: 07/06/2021

**Dundi Ashok**  
Director  
DIN: 08158794  
Place: Hyderabad  
Date: 07/06/2021





**Darlaw Electronics Assembly Limited**  
(Formerly known as Titan Time Products Limited)  
(Amount expressed in ₹ unless otherwise stated)

**Statement of Cash Flow for the Financial Year Ended**

Particulars	March 31, 2021	March 31, 2020
<b>Cash Flow from Operating Activities</b>		
Profit Before Tax from Operations	6,14,90,421	-2,75,64,668
Adjustments for:		
Depreciation Expense	4,70,84,385	4,32,51,806
Gratuity & Leave Encumbrance	26,00,327	43,71,778
Loss/(gain) on Sale of Property, Plant and Equipment	(1,23,005)	51,651
Gain on Sale of Investments	-	-
Interest income earned on financial assets at amortised cost	(2,55,264)	-2,51,845
Income on fair value of employee loans	-	-
Deferred cost on employee loans charged to the statement of profit and loss	-	-
<b>Change in Operating Assets and Liabilities:</b>		
(Increase) / decrease in trade receivables	(7,48,31,700)	-17,15,537
(Increase) / decrease in inventories	(3,44,05,781)	-1,83,90,422
(Increase) / decrease in other current financial assets	-	4,444
(Increase) / decrease in other non-current financial assets	(2)	-
(Increase) / decrease in other non-current assets	(32,808)	83,294
(Increase) / decrease in other current assets	(3,32,59,515)	1,44,49,564
(Increase) / decrease in right to use assets	1,71,776	-1,18,43,601
(Increase) / decrease in other Non-current Loans	943,119	2,83,139
(Increase) / decrease in other current Loans	(93,539)	1,94,478
Increase / (decrease) in trade payables	26,04,312	3,02,80,678
Increase / (decrease) in other non-current financial liabilities	7,25,64,100	3,76,92,950
Increase / (decrease) in other current financial liabilities	34,14,403	6,09,807
Increase / (decrease) in other Current Liabilities	(2,66,31,492)	-32,88,184
Increase / (decrease) in lease liabilities	2,80,670	82,93,136
Increase / (decrease) in other current Tax Assets	(4,55,038)	-21,945
Increase / (decrease) in other current Tax Liabilities	-	-
<b>Cash Generated from / (Used in) Operating Activities</b>	<b>(79,35,469)</b>	<b>4,69,90,274</b>
Income Taxes (Paid)/ Refund		
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<b>(79,35,469)</b>	<b>4,69,90,274</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(6,85,19,036)	-5,38,86,241
Proceeds from Sale of Investments	-	-
Proceeds from Sale of Property, Plant and Equipment	3,49,038	8,587
Interest Received	7,55,264	7,53,645
<b>Net Cash (Used in) / Generated from Investing Activities</b>	<b>(6,82,14,704)</b>	<b>(5,36,24,618)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Issue of Shares (Including Premium)	-	-
Proceeds from Borrowings	6,81,93,183	-
<b>Net Cash (Used in) / Generated from Financing Activities</b>	<b>6,81,93,183</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(79,56,990)</b>	<b>(66,53,745)</b>
Cash and Cash Equivalents at the Beginning of the Financial Year	1,19,67,171	1,86,00,915
<b>Cash and Cash Equivalents at End of the Financial Year</b>	<b>40,10,181</b>	<b>1,19,67,171</b>

As per our report of even date attached  
for **K Vijayaraghavan & Associates LLP**  
Chartered Accountants  
Firm Registration No: 0047145

**K. Rajagadesh**  
Partner  
Membership No: 233711  
Place: Hyderabad  
Date: 07/06/2021



For and on behalf of the Board of Directors of  
**Darlaw Electronics Assembly Limited**

**Raju S. Dandu**  
Director  
DIN: 00673484  
Place: Hyderabad  
Date: 07/06/2021

**Dandi Ashok**  
Director  
DIN: 08158794  
Place: Hyderabad  
Date: 07/06/2021



## Danlaw Electronics Assembly Limited

### Significant Accounting Policies and Notes to the Financial Statements

#### 1 Background

Danlaw Electronics Assembly Limited ("the Company" or De-AL) is a company limited by shares incorporated and domiciled in India and has its registered office at L-15, ELECTRONIC CITY, VERNA, SALCETE, Goa, India, 000000. The Company, its registration number (CIN) being U33301GA1991PLC001148, was formerly known as Tran TimaProducts Limited and had undergone a name change in the FY 2018-19.

The Company primarily provides electrical manufacturing services which includes assembling of printed circuit boards, SMT manufacturing, conformal coating and chip on board assemblies. The Company's operations are based out of Goa.

#### 2 Significant Accounting Policies

##### 2.1 (i) Compliance with Ind AS

The financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013 (The Act).

##### (ii) Basis of Measurement

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial assets and liabilities that are measured at fair value at the end of each reporting period.

##### (iii) Use of Estimates and Judgment

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

##### (iv) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, which is the Company's functional and presentation currency.

##### 2.2 (i) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable.

a) Sale of goods: Revenue from the sale of goods is recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides when the goods are dispatched from the factory or delivered to customers as per the terms of the contract, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, there is no continuing effective control over or management involvement with the goods and the amount of revenue can be measured reliably.

b) Interest income: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### (ii) Foreign Currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise.

##### (iii) Employee Benefits

###### Short-Term Employee Benefits

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.



#### **Gratuity**

The Company provides for gratuity, a defined benefit plan covering eligible employees. Liabilities with regard to gratuity are determined by actuarial valuation performed by an independent actuary, at each balance sheet date using the Projected Unit Credit method.

The Company recognises the net obligation of the defined benefit plan as a liability in its balance sheet. Gains and losses through remeasurements of the net defined benefit liability are recognised in other comprehensive income.

#### **Superannuation**

Company's contributions to the Superannuation Fund which is managed by a Trust are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### **Compensated Absences**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date using the projected unit credit method.

#### **Defined Contribution Plan**

All eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contribution to the fund, which is equal to a specified percentage of the covered employee's basic salary. The Company has no further obligations under this plan beyond its monthly contributions.

#### **(iv) Taxation**

Income tax expense is the sum of current tax and deferred tax.

##### **a) Current Tax**

Current tax is determined in accordance with the applicable provisions. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

##### **b) Deferred Tax**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

##### **(c) Minimum Alternate Tax**

In accordance with the provisions of Section 115(AA) of the Income tax act, 1961, the Company is allowed to avail credit equal to the excess of Minimum Alternative Tax ('MAT') over normal income tax for the assessment year for which MAT is paid. MAT credit so determined can be carried forward or set-off for ten succeeding assessment years for the year in which such credit becomes available. MAT credit can be set off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income tax act, 1961 and such tax is in excess of MAT for that year. The MAT credit asset is written down to the extent that there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.





**(v) Property, Plant and Equipment**

**a) Recognition and Measurement:**

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefit carrying amount on initial recognition. At every reporting date, the history

The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

**b) Depreciation:**

Depreciable amount for assets is the cost of an asset, or other substituted for cost. The company depreciates property, plant and equipment over the estimated useful life prescribed in Schedule II to the 2013 Act on a straight line basis from the date assets are ready for intended use.

Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognised in the statement of profit and loss.

**b) Capital Work in Progress:**

Qualifying assets until ready for intended use are carried at cost and shown under Capital Work in Progress.

The assets are capitalised when it is ready for intended use. The depreciation charge is postponed till the year of commercial operation.

**(vi) Leases**

**Finance Leases**

Assets taken on finance lease are capitalised at an amount equal to fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments, whichever is lower. The lease payment is apportioned between finance charge and reduction of outstanding liability, the finance charge being allocated to periods over the lease term so as to produce the constant periodic rate of interest on remaining liability.

**Operating Leases**

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has agreed to take the asset on lease together with any additional periods for which the lessee has the option to continue the lease, only in case this option is reasonably expected to be exercised at the time of inception of the lease, with or without any further payment.

**(vii) Earning Per Share**

Basic earnings per share is computed by dividing the net profit / loss after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

**(viii) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and balances with banks. The Company considers all highly liquid investments with an original maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**(ix) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.



#### (x) Impairment of Tangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss.

#### (xi) Inventories

Inventories are valued at lower of cost and net realisable value. The cost of various categories of inventory is determined as follows:

- a) Stores and spare parts, loose tools, raw materials and components are valued on a moving weighted average rate.
- b) Work-in-progress and finished goods are valued on full absorption cost method based on the average cost of production.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recovered by the Company), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

#### (xii) Provisions and Contingencies

##### Provisions

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of receivable can be measured reliably.

##### Contingent liabilities

Contingent liabilities are not recognised but are disclosed in notes to the financial statements.

##### Onerous contracts

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.



**(xii) Financial Instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities (other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in profit and loss.

**a) Non-Derivative Financial Assets**

**i) Financial Assets at Amortized Cost**

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents and loans to employees.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks.

**ii) Financial Assets at FVTPL:**

Investments held for trading like mutual funds are classified as FVTPL. The company does not have any equity instruments which can be classified as FVOCI.

Financial assets included within the FVTPL category are measured at fair values with all changes recognised in the statement of profit and loss.

**b) Non-Derivative Financial Liabilities**

**i) Financial Liabilities at Amortized Cost**

Financial liabilities at amortised cost represented by trade and other payables are initially recognised at fair value, and subsequently carried at amortized cost using the effective interest method.

**(xiv) Impairment of Financial Assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through the statement of profit and loss. Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL, as required. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of profit and loss.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

**(xv) Application of New and Revised Accounting Standards**

The following Accounting Standard was issued by Ministry of Corporate Affairs and made effective from 1 April, 2018 and is applicable to the entity:

Ind AS 115 - Revenue from contracts with customers.

The entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Based on a preliminary assessment carried out, Ind AS 115 is not expected to have a material impact on the Company's financial statements.





Danlaw Electronics Assembly Limited

3. Property, Plant and Equipment

Particulars	Buildings	Furniture, Fixtures and Office Equipment	Office Equipment	Plant, Machinery and Equipment	Vehicles	Total
<b>Cost</b>						
At March 31, 2019	4,60,71,664	36,77,761	62,60,956	17,91,64,493	36,86,230	23,88,61,104
Additions	69,62,463	26,56,063	87,500	4,41,80,219	-	5,38,86,245
Disposals	-	12,500	21,199	1,17,554	-	1,51,253
At March 31, 2020	5,30,34,127	68,21,324	69,27,257	22,32,27,158	36,86,230	29,25,96,096
Additions	-	-	-	23,500	-	23,500
Disposals	-	35,000	-	4,220	-	39,220
At June 30, 2020	5,30,34,127	63,06,324	69,27,257	22,32,45,388	36,86,230	29,26,00,326
Additions	47,200	-	53,000	47,45,778	-	48,45,978
Disposals	-	48,862	787	24,213	-	73,862
At Sept 30, 2020	5,30,81,327	62,57,462	69,79,470	22,79,67,953	36,86,230	29,73,72,442
Additions	-	87,498	1,06,523	5,18,26,764	-	5,20,20,784
Disposals	-	25,395	-	30,743	-	56,138
At Dec 31, 2020	5,30,81,327	68,19,564	64,85,993	27,97,63,974	36,86,230	34,93,37,088
Additions	19,20,750	54,630	10,00,882	89,52,481	-	1,14,78,744
Disposals	-	(925)	-	77,637	-	76,712
At March 31, 2021	5,50,02,077	63,75,120	74,86,875	28,86,38,818	36,86,230	36,11,89,120

<b>Depreciation</b>						
At March 31, 2019	3,02,49,678	26,33,012	52,98,604	9,85,64,991	19,94,035	12,87,40,319
Charge for the year	19,52,346	2,27,446	1,42,468	1,06,22,153	2,97,443	1,32,51,856
Disposal	-	6,822	15,455	69,343	-	91,619
At March 31, 2020	2,22,12,024	28,53,636	54,25,617	10,91,17,801	22,91,478	14,19,00,556
Charge for the Period	2,62,909	1,12,564	37,277	28,70,631	74,237	33,57,618
Disposal	-	9,425	-	2,421	-	11,846
At June 30, 2020	2,24,74,932	29,56,775	54,62,894	11,19,88,011	23,65,715	14,52,46,328
Charge for the Period	7,57,943	1,13,647	40,361	29,94,250	75,063	39,81,254
Disposal	-	30,710	331	10,631	-	41,722
At Sept 30, 2020	2,32,32,875	30,40,212	55,02,924	11,49,69,630	24,40,768	14,91,86,410
Charge for the Period	5,48,649	3,06,156	51,404	29,93,522	77,915	39,37,645
Disposal	-	716	-	3,262	-	3,478
At Dec 31, 2020	2,37,81,524	33,46,151	55,54,328	11,79,19,890	25,18,683	15,31,20,577
Charge for the Period	13,78,952	(93,005)	63,943	44,03,401	58,910	58,12,199
Disposal	-	(38,244)	(324)	(11,598)	-	(52,166)
At March 31, 2021	2,51,60,476	32,81,390	56,18,592	12,23,36,889	25,77,592	15,89,84,942

<b>Net Block</b>						
At March 31, 2019	2,58,21,987	10,44,749	9,62,352	8,05,99,502	16,92,195	11,01,20,785
At March 31, 2020	3,08,22,103	34,67,688	9,01,640	11,41,09,357	13,94,752	15,06,95,541
At June 30, 2020	3,05,59,194	33,49,549	8,64,363	11,12,60,577	13,20,515	14,73,53,998
At Sept 30, 2020	2,98,48,451	32,17,250	8,76,546	11,29,98,323	12,45,462	14,81,86,032
At Dec 31, 2020	2,92,99,802	29,73,413	9,31,665	16,18,44,084	11,67,547	19,62,16,511
At March 31, 2021	2,98,41,600	30,83,729	18,68,281	16,63,01,925	11,88,638	20,22,04,178



Danlaw Electronics Assembly Limited  
 Notes to Balance Sheet  
 (Amount expressed in ₹ unless otherwise stated)

4. Capital Work-in-Progress

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	-	5,99,839
Additions During the Year	-	8,41,36,563
Regrouped to PPE	-	-8,47,36,602
Balance at the End of the Year	-	-

5. Financial Assets - Loans

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non - Current</b>		
Unsecured, Considered Good		
Loan to Employees	6,62,794	6,22,475
<b>Total Non - Current Financial Assets - Loans</b>	<b>6,62,794</b>	<b>6,22,475</b>
<b>Current</b>		
Unsecured, Considered Good		
Loan to Employees	6,31,277	5,37,738
<b>Total Current Financial Assets - Loans</b>	<b>6,31,277</b>	<b>5,37,738</b>
<b>Total Financial Assets - Loans</b>	<b>12,94,071</b>	<b>11,60,213</b>

6. Financial Assets - Others

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non - Current</b>		
Security Deposits	85,728	85,726
<b>Total Non - Current Financial Assets - Others</b>	<b>85,728</b>	<b>85,726</b>
<b>Current</b>		
<b>Total Current Financial Assets - Others</b>		
<b>Total Financial Assets - Others</b>	<b>85,728</b>	<b>85,726</b>

7. Deferred Tax Assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Tax Asset (Net)	1,60,59,588	2,47,89,310
<b>Total Deferred Tax Assets (Net)</b>	<b>1,60,59,588</b>	<b>2,47,89,310</b>

7.1. Movement of Deferred Tax

Particulars	Opening balance	Recognised in profit and Loss	Recognised in OCI	Closing balance
<b>Tax effect of items constituting deferred tax liabilities</b>				
Property, Plant and Equipment	1,31,16,997	42,92,087	-	1,74,09,079
	<b>1,31,16,997</b>	<b>42,92,087</b>		<b>1,74,09,079</b>
<b>Tax effect of items constituting deferred tax assets</b>				
Provisions	1,11,73,039	17,28,933	1,70,133	1,30,72,075
Loss during the Previous Year	86,77,778	(25,67,534)	-	61,10,243
Loss during the Current Year	1,21,54,967	(1,21,54,967)	-	-
MAT Credit Entitlement for Earlier Years	59,00,519	-	-	59,00,519
MAT Credit Entitlement for Current Year	-	83,85,830	-	83,85,830
	<b>3,79,06,303</b>	<b>(1,29,93,598)</b>	<b>1,70,133</b>	<b>3,34,68,867</b>
<b>Net Tax Asset/(Liabilities)</b>	<b>2,47,89,310</b>	<b>(1,72,85,685)</b>	<b>1,70,133</b>	<b>1,60,59,588</b>



#### 8. Other Assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non - Current</b>		
Deferred Employee Cost	33,942	53,776
Prepaid Rentals for Land	1,05,284	52,642
<b>Total Non - Current Other Assets</b>	<b>1,39,226</b>	<b>1,06,418</b>
<b>Current</b>		
Advance to Suppliers	3,88,83,466	91,15,309
Deferred Employee Cost	35,420	37,398
Prepaid Expenses	46,72,898	48,46,324
Balance with Government Authorities	70,11,751	32,96,887
Prepaid Rentals for Land	-	52,642
<b>Total Current Other Assets</b>	<b>5,06,03,535</b>	<b>1,73,43,620</b>
<b>Total Other Assets</b>	<b>5,07,42,761</b>	<b>1,74,50,038</b>

#### 9. Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current Inventories (Lower of Cost and Net Realisable Value)</b>		
Raw Materials	11,83,21,562	7,75,38,581
Semi finished goods	80,12,739	1,10,42,704
Finished goods	95,36,078	89,26,492
Work in Progress	3,75,852	13,43,235
Tools	36,00,503	15,89,941
<b>Total Inventories</b>	<b>13,48,46,734</b>	<b>10,04,40,953</b>

#### 10. Financial Assets - Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Trade Receivables	15,89,68,068	8,40,36,368
Less: Allowance for Doubtful Debts	(1,48,393)	(1,48,393)
<b>Total Financial Assets - Trade Receivables</b>	<b>15,87,19,675</b>	<b>8,38,87,975</b>

#### Break - Up of Security Details

Particulars	As at March 31, 2021	As at March 31, 2020
Secured, Considered Good	15,89,68,068	8,40,36,368
Unsecured, Considered Good	-	-
Doubtful	-	-
<b>Total</b>	<b>15,89,68,068</b>	<b>8,40,36,368</b>
Allowance for Doubtful Debts	(1,48,393)	(1,48,393)
<b>Total Financial Assets - Trade Receivables</b>	<b>15,87,19,675</b>	<b>8,38,87,975</b>

#### 11. Cash and Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balance with Banks</b>		
in Current Accounts	18,71,724	1,13,31,483
in Deposit Accounts	23,21,248	6,26,069
<b>Cash on Hand</b>	<b>17,209</b>	<b>9,619</b>
<b>Total Cash and Cash Equivalents</b>	<b>41,90,181</b>	<b>1,19,67,171</b>

#### 12. Current Tax Assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Income Tax Refund Receivable	8,90,088	43,04,748
<b>Total Current Tax Assets (Net)</b>	<b>8,90,088</b>	<b>33,03,798</b>





### 13. Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised</b>		
70,00,000 Equity Shares of Rs.10 each	7,00,00,000	7,00,00,000
<b>Total Authorised Share Capital</b>	<b>7,00,00,000</b>	<b>7,00,00,000</b>
<b>Issued and Subscribed Capital:</b>		
Issued Equity Share Capital	5,16,96,750	5,16,96,750
<b>Total</b>	<b>5,16,96,750</b>	<b>5,16,96,750</b>

#### Notes:

#### (A) Reconciliation of the Number of Shares Outstanding:

Particulars	Number of Shares
Balance at March 31, 2019	51,69,675
Right issue of Shares	-
Balance at March 31, 2020	51,69,675
Right issue of Shares	-
Balance at March 31, 2021	51,69,675

#### Terms and Rights Attached to Equity Shares

Equity Shares have a par value of INR 10. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

#### (B) Shares of the Company held by Holding Company and its Subsidiaries

Particulars	As at March 31, 2021	As at March 31, 2020
Danlaw Technologies India Limited (Holding Company) and its Nominees	36,18,772	36,18,772
Danlaw Inc. (Subsidiary of Holding Company)	15,50,903	15,50,903

#### (C) Details of Shares Held by Each Shareholder Holding More than 5% Shares

	As at March 31, 2021		As at March 31, 2020	
	Number of Shares Held	% of Holding of Equity Shares	Number of Shares Held	% of Holding of Equity Shares
<b>Fully paid Equity Shares</b>				
Danlaw Technologies India Limited (Holding Company) and its Nominees	36,18,772	70%	36,18,772	70%
Danlaw Inc. (Subsidiary of Holding Company)	15,50,903	30%	15,50,903	30%

#### (D) Information Regarding Issue of Shares in Past 5 Years

The Company has not issued any shares without payment being received in cash.

There has been no issue of bonus shares.

The Company has not undertaken any buy-back of shares.

### 14. Other Equity Excluding Non - Controlling Interests

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Securities Premium Reserve</b> (Represents amounts received on issue of shares in excess of the par value)	7,98,03,225	7,98,03,225
<b>Capital Redemption Reserve</b> (Represents paid up value of equity shares bought back)	10,00,000	10,00,000
<b>General Reserve</b> (Represents appropriation of profit by the Company)	4,27,000	4,27,000
<b>Gratuity OCI</b> (Represents actuarial gain or loss on remeasurement of defined benefit obligation)	(38,11,890)	(15,50,110)
<b>Retained Earnings</b> (Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)	5,68,61,505	1,39,16,939
<b>Total Reserves and Surplus</b>	<b>13,42,79,840</b>	<b>9,35,97,054</b>



#### 14.1 Securities Premium Reserve

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the Beginning of the Year	7,98,03,225.00	7,98,03,225
Current Year	-	-
<b>Balance at End of Year</b>	<b>7,98,03,225.00</b>	<b>7,98,03,225.00</b>

#### 14.2 Capital Redemption Reserve

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the Beginning of the Year	10,00,000	10,00,000
Changes During the Period	-	-
<b>Balance at End of Year</b>	<b>10,00,000</b>	<b>10,00,000</b>

#### 14.3 General Reserve

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the Beginning of the Year	4,27,000	4,27,000
Changes During the Period	-	-
<b>Balance at End of Year</b>	<b>4,27,000</b>	<b>4,27,000</b>

#### 14.4 Gratuity OCI

Particulars	As at March 31, 2021	March 31, 2020
Balance at the Beginning of the Year	(15,50,110)	(10,47,653)
Current Year	(22,61,780)	(5,07,457)
<b>Balance at End of Year</b>	<b>(38,11,890)</b>	<b>(15,50,110)</b>

#### 14.5 Retained Earnings

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the Beginning of the Year	1,39,16,939	3,62,26,671
Net Profit for the Period	4,29,44,566	(2,23,09,732)
<b>Balance at End of Year</b>	<b>5,68,61,505</b>	<b>1,39,16,939</b>

#### 15. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non - Current</b>		
Provision for Gratuity	3,09,06,900	2,90,85,960
Provision for Leave Encashment	1,23,44,412	1,17,95,098
<b>Total Non - Current Provisions</b>	<b>4,32,51,312</b>	<b>4,08,81,058</b>
<b>Current</b>		
Provision for Gratuity	29,96,012	10,16,191
Provision for Leave Encashment	15,88,304	10,75,377
<b>Total Current Provisions</b>	<b>45,84,316</b>	<b>20,91,568</b>
<b>Total Provisions</b>	<b>4,78,35,628</b>	<b>4,29,72,626</b>



**16. Financial Liabilities - Borrowings**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-Current</b>		
-From Banks		
Long term borrowings-Term Loan (refer note (a) below)	1,79,20,000	-
<b>Total Non Current Financial Liabilities - Loans</b>	<b>1,79,20,000</b>	<b>-</b>
<b>Current</b>		
-From Banks		
Short term borrowings-Cash Credit loan (refer note (b) below)	3,02,73,183	-
<b>Total Current Financial Liabilities - Loans</b>	<b>3,02,73,183</b>	<b>-</b>
<b>Total Financial Liabilities - Loans</b>	<b>5,81,93,183</b>	<b>-</b>

**Notes**
**(a) Terms of Repayment of term loans**
**State Bank of India**

Secured by: Hypothecation of Plant &amp; Machinery &amp; Other Fixed Assets purchased out of Bank Finance

Repayable in monthly over a period of 93 months including 9 months moratorium period.

Rate of interest: 1.5% above 6-months MCLR

**(b) Loans repayable on demand**

Loans repayable on demand from banks from State Bank of India are secured by way of hypothecation of existing as well as future stocks of raw materials, finished goods, stocks-in-process, stores and spares, packing materials of the company at all divisions/factory premises situated at various sites, goods in transit, outstanding moneys, book debts, receivables etc.

The aforesaid facilities are further secured by equitable mortgage of Factory land and building.

**17. Financial Liabilities - Trade Payables**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(A) Outstanding Dues of Micro Enterprises and Small Enterprises</b>		
Trade Payables	81,98,178	50,08,329
<b>Total Outstanding Dues of Micro Enterprises and Small Enterprises</b>	<b>81,98,178</b>	<b>50,08,329</b>
<b>(B) Outstanding Dues to Creditors other than Micro Enterprises and Small Enterprises</b>		
<b>Current</b>		
Trade Payables	11,23,02,858	11,28,88,395
<b>Total Outstanding Dues to Creditors other than Micro Enterprises and Small Enterprises</b>	<b>11,23,02,858</b>	<b>11,28,88,395</b>
<b>Total Financial Liabilities - Trade Payables</b>	<b>12,05,01,036</b>	<b>11,78,96,724</b>

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

There are no material dues owed by the Company to Micro and Small enterprises, which are outstanding for more than 45 days during the year and as at 31 March 2019. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year		
- Principal	81,98,178	50,08,329
- Interest	-	-
(b) The amount of interest paid by the Company in terms of Section 16 of the MSME Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year.	-	-
(c) The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSME Act, 2006	-	64,982
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSME Act, 2006	-	-
<b>Total Due to MSME Enterprises</b>	<b>81,98,178</b>	<b>50,73,311</b>





**18. Financial Liabilities - Others**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Interest on Loan	42,61,719	3,63,180
Payroll Liabilities	81,341	5,05,477
<b>Total</b>	<b>43,43,060</b>	<b>9,28,657</b>
<b>Non-current</b>		
ECB Loan	11,02,57,050	3,76,92,950
<b>Total</b>	<b>11,02,57,050</b>	<b>3,76,92,950</b>
<b>Total Financial liabilities - Others</b>	<b>11,46,00,110</b>	<b>3,86,21,607</b>

The company, has taken taken external commercial borrowing from Stanlaw Inc. (Subsidiary of the Parent Company) amounting to USD 1500,000 \$ out of which USD 1000,000 \$ was taken during the year. The borrowing rate for the loans is 4.5% +6m LIBOR. The term of the loan is 5 years. The repayment of the Principal amount is scheduled at the end of Year 5 i.e. the end of the loan period and interest amount is to be paid quarterly.

**19. Current Tax Liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Current Tax	85,47,385	-
<b>Total Provision for Current Tax</b>	<b>85,47,385</b>	<b>-</b>

**20. Other Current Liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Advance from Customers	1,75,18,525	5,12,02,589
Statutory Dues	12,21,162	11,26,799
Canteen Subsidy	-	15,890
Current Maturities in Long Term Loan	65,74,100	-
<b>Total Other Current Liabilities</b>	<b>2,57,13,786</b>	<b>5,23,45,278</b>



**Danlaw Electronics Assembly Limited**

(Amount expressed in ₹ unless otherwise stated)

**21. Lease Liabilities**

The Company has adopted Ind AS 116 "Leases" with the inception of the lease being April 1, 2019 and has discounted lease payments using the incremental borrowing rate for measuring the lease liability.

The weighted average incremental borrowing rate applied to lease liabilities is 10.7%.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:

Particulars	Amount as on 01-04-2020	Additions	Termination during the year	Amortisation	Carrying Value as on 31-03-2021
Leasehold - Land	1,15,43,001	-	-	(1,73,776)	1,14,69,225

The following is the break-up of current and non-current lease liabilities as at March 31, 2021:

Particulars	31-Mar-21
Current	2,89,668
Non - Current	82,65,139
<b>Total</b>	<b>85,54,806</b>

The following is the movement in lease liabilities during the year ended March 31, 2021:

Particulars	31-Mar-21
Balance as on 01-04-2020	82,93,136
Additions to lease Liabilities	-
Termination during the year	-
Interest Expense	8,26,888
Cash Outflows during the year	(5,65,218)
<b>Balance as on 31-03-2021</b>	<b>85,54,806</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

Particulars	1 year	1-3 years	3-5 years	more than 5 years
Undiscounted Future Cash Outflows	5,65,218	18,08,698	19,89,567	12,53,47,716

Cash Outflows to which lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:

- Extension options and termination options
- Leases not yet commenced to which lessee is committed



Danlaw Electronics Assembly Limited  
Notes to Profit and loss  
(Amount expressed in ₹ unless otherwise stated)

22. Revenue from Operations

Particulars	Year ended March, 2021	Year Ended March 31, 2020
Sale of Products	87,94,43,728	39,44,12,907
Other operating income:		
Sale of Scrap	9,59,735	1,16,541
<b>Total Revenue from operations</b>	<b>88,04,02,963</b>	<b>39,45,29,448</b>

23. Other Income

Particulars	Year ended March, 2021	Year Ended March 31, 2020
Interest income	3,24,913	2,53,645
Net Foreign Exchange Loss / (Gain)	40,87,547	-
<b>Total Other Income</b>	<b>44,12,460</b>	<b>2,53,645</b>

24. Cost of Materials Consumed

Particulars	Year ended March, 2021	Year Ended March 31, 2020
Cost of Material Consumed	62,72,68,262	25,10,38,641
Less: Changes in Stock	7,53,311	(91,81,107)
<b>Total Cost of Materials Consumed</b>	<b>62,65,14,951</b>	<b>26,02,19,748</b>

25. Changes in Inventories of Finished Goods and Work-in-Progress

Particulars	Year ended March, 2021	Year Ended March 31, 2020
<b>Opening Balance</b>		
Finished Goods	89,26,492	30,65,619
Work in Progress/Semi-finished Goods	47,51,487	14,31,253
<b>Total Opening Balance</b>	<b>1,36,77,979</b>	<b>44,96,872</b>
<b>Closing Balance</b>		
Finished Goods	95,36,078	89,26,492
Work in Progress/Semi-finished Goods	33,88,590	47,51,487
<b>Total Closing Balance</b>	<b>1,29,24,669</b>	<b>1,36,77,979</b>
<b>Total Changes in Inventories</b>	<b>7,53,311</b>	<b>(91,81,107)</b>

25. Employee Benefits Expense

Particulars	Year ended March, 2021	Year Ended March 31, 2020
Salaries and Wages, Including Bonus	7,89,98,621	7,32,74,300
Contribution to Provident and Other Funds	54,08,085	51,77,608
Staff Welfare Expense	89,41,392	97,82,193
Gratuity	39,95,793	35,86,290
Employee transfer	-	-
Vehicle lease recovery	(5,103)	-
<b>Total Employee Benefit Expenses</b>	<b>9,73,36,788</b>	<b>9,18,30,391</b>





## 26. Other Expenses

Particulars	Year ended March, 2021	Year Ended March 31, 2020
Auditor's Remuneration	7,43,416	5,94,780
Consumption of Stores and Spare Parts	1,04,07,773	79,61,915
Insurance	7,07,847	4,75,170
Legal and Professional	8,80,830	12,54,465
Power and Fuel	90,55,045	70,96,112
Rates and Taxes	12,53,169	5,47,438
Rent	2,75,516	2,26,345
Repairs & Maintenance - Buildings	12,49,330	19,40,923
Repairs & Maintenance - Plant & Machinery	82,12,771	41,52,822
Repairs & Maintenance - Office Equipment	24,65,649	22,57,458
Repairs & Maintenance - House Keeping	30,95,850	30,64,141
Security Charges	38,28,619	39,06,403
Selling and Distribution Expenses	2,06,02,414	1,80,68,177
Trade Receivables and Advances Written Off	-	20,282
Bank Charges	11,30,255	7,21,423
Software Expense	33,54,764	33,87,301
Travelling and Conveyance	27,53,737	36,11,946
Communication Expense	6,84,038	5,73,382
Printing and Stationery	4,47,279	5,03,249
Recruitment Expenses	24,525	750
Miscellaneous Expenses	7,43,758	12,84,331
Loss / (Gain) on Sale of Assets	1,23,005	51,052
Net Foreign Exchange Loss / (Gain)	-	26,36,096
<b>Total Other Expenses</b>	<b>7,20,48,585</b>	<b>6,42,92,915</b>

### Notes:

i) Auditor's Remuneration (Net of Taxes) Comprises of:

For Statutory Audit	5,00,000	5,00,000
For Tax Audit	1,84,500	90,000
Reimbursement of Expenses	58,916	4,780
<b>Total Auditor's Remuneration</b>	<b>7,43,416</b>	<b>5,94,780</b>

## 27. Finance cost

Particulars	Year ended March, 2021	Year Ended March 31, 2020
Finance costs	75,86,983	19,44,007
<b>Total Finance Cost</b>	<b>75,86,983</b>	<b>19,44,007</b>

## 28. Earning Per Share

Particulars	Year ended March, 2021	Year Ended March 31, 2020
Profit after tax	4,29,44,565.61	(2,23,09,730.75)
<b>Basic:</b>		
Number of shares outstanding at the year end	51,69,675.00	51,69,675.00
Earnings per share	8.31	(4.32)
<b>Diluted:</b>		
Weighted average number of equity shares outstanding	51,69,675.00	51,69,675.00
Earnings per share	8.31	(4.32)

## 29. Earnings in Foreign Exchange

Particulars	March 31, 2021	March 31, 2020
Earnings in Foreign Exchange		
Export of goods on FOB basis	-	15,27,334
<b>Total Earnings in Foreign Exchange</b>	<b>-</b>	<b>15,27,334</b>



### 30. Contingent Liabilities

Particulars	March 31, 2021	March 31, 2020
Bank Guarantees	21,17,600	11,61,900
<b>Total Contingent Liabilities</b>	<b>21,17,600</b>	<b>11,61,900</b>

### 31. Related Party Disclosures

#### a) Names of Related Parties and Related Party Relationship

Nature of Relationship	Name
Holding Company	Danlaw Technologies India Limited*
Associate Company	Danlaw Inc.*
Joint Venture	Fuzhou Danlaw Xicheng Electronic*
Key Managerial Personnel (Director)	Raju Satyanarayana Dandu* M.J. Shilesh* Dundi Ajnok*

#### b) Transactions Carried out with Related Parties in Ordinary Course of Business

##### 1) Holding - Danlaw Technologies India Limited

Particulars	March 31, 2021	March 31, 2020
Purchase of Raw Material, Components and Other Items	-	2,67,500
Sale of Goods	-	1,29,76,798
Advance Received	-	4,07,50,461
Advance Paid	1,84,00,000	-

##### 2) Joint Venture - Fuzhou Danlaw Xicheng Electronic

Particulars	March 31, 2021	March 31, 2020
Purchase of Raw Material, Components and Other Items	1,56,968	1,55,792

##### 3) Key Management Personnel - Shilesh Malur Jayaram

Particulars	March 31, 2021	March 31, 2020
Salary Paid	23,48,632	23,69,472
Purchase of Fixed Asset	-	-
Reimbursement of Expenses	-	-
Assets Sold	2,444	-

#### c) Balances Outstanding

Particulars	March 31, 2021	March 31, 2020
<b>Trade Receivables</b>		
Danlaw Technologies India Limited	1,19,91,951	-
<b>Advance Payable</b>		
Fuzhou Danlaw Xicheng Electronic	-	1,56,968



**Danlaw Electronics Assembly Limited**  
**Notes to Financial Statements for the Year Ended**  
 (Amount expressed in ₹ unless otherwise stated)

**29. Employee Benefit Obligations**

**(i) Defined Contribution Plan**

The Company's contribution to Provident Fund, Superannuation Fund and other funds recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

Particulars	31 March 2021	March 31, 2020
Employee provident fund	35,95,010	35,61,176
Superannuation Fund	13,08,546	12,64,404

**(ii) Defined Benefit Plan**

**(a) Gratuity**

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹ 2,000,000.

The plan typically exposes the company to actuarial risk such as interest risk and salary risk.

<b>Interest Risk</b>	A movement in the bond interest rate will impact the plan liability
<b>Salary Risk</b>	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants, as such an increase in the salary of the plan participants

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Assumptions as at	
	31 March 2021	March 31, 2020
Discount Rate (p.a.)	6.90%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%

- The employees of the Company are assumed to retire at the age of 58 years.
- The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2012-14) Ilt table.
- Rates of leaving service (leaving service due to disability included) at specimen ages are as shown below:

Age (Years)	Rates (p.a.)	Rates (p.a.)
21-30	3.00%	3.00%
31-40	2.00%	2.00%
41-57	0.00%	0.00%

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	Financial Year Ended March 31, 2021	
	Discount Rate	Escalation Rate
<b>Defined Benefit Obligation on plus 50 bps</b>	3,23,42,279	3,55,00,267
Impact of Increase in 50 bps on DBO	-4.60%	4.71%
<b>Defined Benefit Obligation on minus 50 bps</b>	3,55,61,638	3,23,86,940
Impact of Decrease in 50 bps on DBO	4.89%	-4.47%

**Projected Plan Cash Flow**

The table below shows the

Maturity Profile	31 March 2021	March 31, 2020
Expected benefits for year 1	29,96,012	10,16,191
Expected benefits for year 2	1,67,438	21,30,747
Expected benefits for year 3	1,84,314	1,66,212
Expected benefits for year 4	2,06,820	1,82,230
Expected benefits for year 5	28,09,802	2,06,482
Expected benefits for year 6	2,38,465	28,38,105
Expected benefits for year 7	7,76,797	2,39,461
Expected benefits for year 8	44,03,271	7,81,686
Expected benefits for year 9	48,48,589	44,81,887
Expected benefits for year 10 and above	5,31,26,055	5,79,77,181

The weighted average duration to the payments of these cash flows is 9.49 years (PY - 10.40).







**Movement in Plan Assets**

A reconciliation of the plan assets during the inter-valuation period is given below:

Particulars	March 31, 2021	March 31, 2020
Opening fair value of plan assets	-	-
Employer contributions	8,47,285	-
Interest on plan assets	-	-
Administration expenses	-	-
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	-	-
Benefits paid	-8,47,285	-
Assets acquired/(settled)***	-	-
Assets distributed on settlements	-	-
<b>Closing Fair Value of Plan Assets</b>	<b>-</b>	<b>-</b>

\*\*\*On account of business contribution or inter group transfer

**(b) Leave Encashment****(i) Particulars of Amounts Disclosed in the Balance Sheet**

Particulars	March 31, 2021	March 31, 2020
<b>Net Liability Recorded in the Balance Sheet</b>		
Current Liability	15,83,304	10,75,377
Non-Current Liability	1,23,44,412	1,17,96,098
<b>Net Liability Recognised in the Balance Sheet</b>	<b>1,39,32,716</b>	<b>1,28,71,475</b>



**Danlaw Electronics Assembly Limited**  
**Changes in Inventories**  
(Amount expressed in ₹ unless otherwise stated)

Particulars	GL Code	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. Finished goods</b>			
<b>Closing Stock</b>			
Inventory - In-house Components	241001	-	-
Inventory - Finished Goods	241600	95,36,078	89,26,492
Inventory - FG Adjust	241610	-	-
Inventory Tools	403000	-	-
		<u>95,36,078</u>	<u>89,26,492</u>
<b>Opening Stock</b>			
Inventory - In-house Components	241001	-	-
Inventory - Finished Goods	241600	89,26,492	32,92,474
Inventory - FG Adjust	241610	-	(2,26,855)
Inventory Tools	403000	-	-
		<u>89,26,492</u>	<u>30,65,619</u>
<b>Changes in inventories of finished goods</b>		<b>(6,09,586)</b>	<b>(58,60,873)</b>
<b>B. Work-in-progress</b>			
<b>Closing Stock</b>			
Inventory - WIP Non SAP	241530	-	-
Goods WIP	241927	3,75,852	15,01,273
Semi-Finished Goods	241928	30,12,739	32,50,213
		<u>33,88,590</u>	<u>47,51,487</u>
<b>Opening Stock</b>			
Inventory - WIP Non SAP	241530	-	-
Goods WIP	241927	15,01,273	14,31,253
Semi-Finished Goods	241928	32,50,213	-
		<u>47,51,487</u>	<u>14,31,253</u>
<b>Changes in inventories of work-in-progress</b>		<b>13,62,897</b>	<b>(33,20,234)</b>
<b>Total changes in inventories of finished goods and work-in-progress (A-B)</b>		<b>7,53,311</b>	<b>(91,81,107)</b>





REPORT ADOPTED BY THE BOARD OF DIRECTORS OF DANLAW TECHNOLOGIES INDIA LIMITED AT ITS MEETING HELD ON 22<sup>nd</sup> DAY OF August, 2020, AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT PLOT NO.43, SAGAR SOCIETY, ROAD NO.2, BANJARA HILLS, HYDERABAD, TELANGANA, INDIA, 500034, EXPLAINING THE EFFECT OF EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTERS, LAYING OUT IN PARTICULAR THE SHARE ENTITLEMENT

### Background of the Scheme

1. The Transferee Company is the holding Company of the Transferor Company holding 70% of the total paid up equity share capital of the Transferor Company. In view of the fact that the Transferor Company and the Transferee Company are engaged in the business that is complimentary by way of coming forward and backward integration and keeping in view the synergic advantages resulting out of the amalgamation of the Transferor Company, it is proposed to amalgamate the Transferor Company and Transferee Company into a single company which will lead the amalgamated Company to greater and optimal use of resources. A consolidation of the Transferor Company and the Transferee Company by way of amalgamation would therefore lead to a more efficient utilization of capital, talent pooling and will result in creation of a single larger unified entity in place of various entities under the same management and control, thus resulting in efficient synergies of operations and streamlined business transactions.
2. The Transferee Company owns IP and The Transferor Company does job work for the IP as a unified vendor. In order to project to OEM vendors, it becomes easier to project them as one company for the purpose vendor validation. The Transferee Company has to protect its IP while getting job work done from the Transferor Company and if it is the same company, that protection is automatic and hence becomes easier. The Transferee Company is well known in automobile sector. The Transferee Company has relationship with several supply chain vendors abroad for automobile components and will be able to procure them easily, if they both are a combined company. Majority of the orders of the Transferor Company is procured through the Transferee Company in future and hence it makes it easier to operate as one company for better planning. The Transferee Company has extensive design capability and the Transferor Company has extensive manufacturing capability. It becomes best when both are combined in one entity to get the multiplier effect.
3. The proposed Amalgamation will lead to the benefits such as economies of scale, besides other synergetic advantages particularly in view of the fact that the entire gamut of operations of the combined entity will have greater management focus and increased supervisory control.
4. The proposed amalgamation will reduce administrative costs and also result in reduction of overheads and other expenses, economies of scale, reduction in administrative and procedural work, enable the amalgamated company to effect internal economies and optimize profitability as also to reduce administrative inefficiencies by reducing duplication of functions.

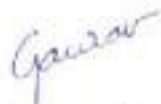
As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors explaining the effect of compromise on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders laying out in particular the share exchange ratio, is required to be circulated to the shareholders with the notice of the convening the meeting.



Having regard to the aforesaid new provisions, following was discussed by the Board of Directors of the Company:

1. For the Scheme, the Valuation report dated 22<sup>nd</sup> August, 2020 was obtained from Mr. V Gangadhara Rao N, Registered Valuer, an independent valuer, determining and recommending the fair Share Exchange Ratio which was mentioned in the Scheme for the purpose of the proposed amalgamation.
  - a. In consideration of the Scheme of Amalgamation and Arrangement between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors" ("Scheme"), providing for amalgamation of Danlaw Electronics Assembly Limited (Transferor Company) based on the Valuation report issued by Mr. V Gangadhara Rao N, Registered Valuer, and the Fairness Opinion Certificate on the valuation carried out by Mr. V Gangadhara Rao N, Registered Valuer, issued by M/s. Quintessence Enterprises Private Limited, Merchant Banker, Danlaw Technologies India Limited will issue 03 (Three) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 04 (Four) equity shares of Transferor Company of Rs.10/- each fully paid-up by Danlaw Inc.
2. The company is not expecting any change in KMPs of the company in of the scheme becoming effective.

For Danlaw Technologies India Limited,



Gaurav Padmawar  
Company Secretary



Place: Hyderabad

Date: 22<sup>nd</sup> August, 2020



# DANLAW ELECTRONICS ASSEMBLY LIMITED

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF DANLAW ELECTRONICS ASSEMBLY LIMITED AT ITS MEETING HELD ON 22<sup>ND</sup> DAY OF AUGUST, 2020, AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 3<sup>RD</sup> FLOOR, PLOT NO.43, SAGAR SOCIETY, ROAD NO.2, BANJARA HILLS, HYDERABAD, TELANGANA, INDIA, 500034, EXPLAINING THE EFFECT OF EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTERS, LAYING OUT IN PARTICULAR THE SHARE ENTITLEMENT

## Background of the Scheme

1. The Transferee Company is the holding Company of the Transferor Company holding 70% of the total paid up equity share capital of the Transferor Company. In view of the fact that the Transferor Company and the Transferee Company are engaged in the business that is complimentary by way of combing forward and backward integration and keeping in view the synergic advantages resulting out of the amalgamation of the Transferor Company, it is proposed to amalgamate the Transferor Company and Transferee Company into a single company which will lead the amalgamated Company to greater and optimal use of resources. A consolidation of the Transferor Company and the Transferee Company by way of amalgamation would therefore lead to a more efficient utilization of capital, talent pooling and will result in creation of a single larger unified entity in place of various entities under the same management and control, thus resulting in efficient synergies of operations and streamlined business transactions.
2. The Transferee Company owns IP and The Transferor Company does job work for the IP as a unified vendor. In order to project to OEM vendors, it becomes easier to project them as one company for the purpose vendor validation. The Transferee Company has to protect its IP while getting job work done from the Transferor Company and if it is the same company, that protection is automatic and hence becomes easier. The Transferee Company is well known in automobile sector. The Transferee Company has relationship with several supply chain vendors abroad for automobile components and will be able to procure them easily, if they both are a combined company. Majority of the orders of the Transferor Company is procured through the Transferee Company in future and hence it makes it easier to operate as one company for better planning. The Transferee Company has extensive design capability and the Transferor Company has extensive manufacturing capability. It becomes best when both are combined in one entity to get the multiplier effect.
3. The proposed Amalgamation will lead to the benefits such as economies of scale, besides other synergetic advantages particularly in view of the fact that the entire gamut of operations of the combined entity will have greater management focus and increased supervisory control.
4. The proposed amalgamation will reduce administrative costs and also result in reduction of overheads and other expenses, economies of scale, reduction in administrative and procedural work, enable the amalgamated company to effect internal economies and optimize profitability as also to reduce administrative inefficiencies by reducing duplication of functions.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors explaining the effect of compromise on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders laying out in particular the share exchange ratio, is required to be circulated to the shareholders with the notice of the convening the meeting.

Registered Office Third Floor, Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad -500034 Tel : 040-2354 4992  
Factory Address: L-15, Electronic City Verna, Salcete Goa -403722 Tel : 0832 6680173 / 74-80  
E-mail: info@danlawems.com www.danlawems.com CIN : U33301TG1991PLC148695  
A subsidiary of DANLAW TECHNOLOGIES INDIA LIMITED





## DANLAW ELECTRONICS ASSEMBLY LIMITED

Having regard to the aforesaid new provisions, following was discussed by the Board of Directors of the Company:

1. For the Scheme, the Valuation report dated 22<sup>nd</sup> August, 2020 was obtained from Mr. V Gangadhara Rao N, Registered Valuer, an independent valuer, determining and recommending the fair Share Exchange Ratio which was mentioned in the Scheme for the purpose of the proposed amalgamation.
  - a. In consideration of the Scheme of Amalgamation and Arrangement between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors" ("Scheme"), providing for amalgamation of Danlaw Electronics Assembly Limited (Transferor Company) based on the Valuation report issued by Mr. V Gangadhara Rao N, Registered Valuer, and the Fairness Opinion Certificate on the valuation carried out by Mr. V Gangadhara Rao N, Registered Valuer, issued by M/s. Quintessence Enterprises Private Limited, Merchant Banker, Danlaw Technologies India Limited will issue 03 (Three) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 04 (Four) equity shares of Transferor Company of Rs.10/- each fully paid-up by Danlaw Inc.
2. On the Scheme coming into effect, the Transferor Company (i.e. Danlaw Electronics Assembly Limited) shall, without any further act or deed, stand dissolved without going through the process of winding up.

For Danlaw Electronics Assembly Limited,



Gaurav Padmawar  
Company Secretary



Place: Hyderabad

Date: 22<sup>nd</sup> August, 2020

Registered Office Third Floor, Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad -500034 Tel : 040-2354 4992

Factory Address: L-15, Electronic City Verna, Salcete Goa -403722 Tel : 0832 6680173 / 74-80

E-mail: info@danlawems.com www.danlawems.com CIN : U33301TG1991PLC148695

A subsidiary of DANLAW TECHNOLOGIES INDIA LIMITED

**CSV & Associates**  
**Chartered Accountants**



32, Kolla Luxuria,  
Kondapur,  
Hyderabad - 500084  
Ph: 040-23551980  
Email: csvrassociates@gmail.com

To  
The Board of Directors,  
Danlaw Technologies India Limited  
Plot no. 43, Sagar Society,  
Road No. 2, Banjara Hills, Hyderabad, Telangana - 500034

We, the statutory auditors of Danlaw Technologies India Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in clause 11 of the Draft Scheme in terms of the provisions of sections 230 - 232 read with relevant sections of the Companies Act, 2013, with reference to its compliance with the applicable Indian Accounting Standards notified under the Companies Act, 2013 and other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is only to examine and report whether the Draft Scheme complies with the applicable Indian Accounting Standards and other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Indian Accounting Standards notified by the Central Government under the Companies Act, 2013.

This Certificate is issued at the request of the Danlaw Technologies India Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for onward submission to the Stock Exchanges. This Certificate should not be used for any other purpose without our prior written consent.

Place : Hyderabad  
Date : 22.08.2020

for CSV & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 012121S

G. Venkatesh  
(CA.VENKATESH G.)  
PARTNER

Membership No.239608



UDIN : 20239608 AAAAEB1808

**Form No. MGT-11**

**Proxy form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**Danlaw Technologies India Limited**

**CIN: L72200TG1992PLC015099**

**Regd. Off: Plot No.43, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, Telangana, India**

**Tel: Tel : 040-23542499 Fax : 040-23541671**

**Email: [compliance\\_officer@danlawinc.com](mailto:compliance_officer@danlawinc.com),**

**Website: [www.danlawtechnologies.com](http://www.danlawtechnologies.com)**

Name of the Member(s):
Registered address:
E-mail Id:
Folio No/ Clint Id:

I/ We being the member of Danlaw Technologies India Limited, holding.....shares, hereby appoint

1. Name: .....

Address:

E-mail Id:

Signature: ....., or failing him

2. Name: .....

Address:

E-mail Id:

Signature: .....,

as my/our proxy to attend and E- Vote for me/us and on my/our behalf at meeting of Equity Shareholders of Danlaw Technologies India Limited will be held through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") on Saturday, 18<sup>th</sup> September, 2021 at 12:30 P.M. (IST), and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	For	Against
Special Business			
1)	To consider and approve the Scheme of Amalgamation between Danlaw Technologies India Limited (Transferee Company) and Danlaw Electronics Assembly Limited (Transferor Company) and their respective Shareholders and Creditors		

Signed this ..... day of .....

Signature of the member(s)

Signature of the proxy holder(s)

Affix revenue stamp of One Rupee
---

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, before the commencement of the Meeting.**