

INDEPENDENT AUDITOR'S REPORT

To The Members of

Qualitek Labs Private Limited

Report on audit of the Financial Statement

Opinion

We have audited the financial statements of **Qualitek Labs Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2021 and **Net profit** for the year ended on that date.

Basis for Opinion

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

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

Responsibility of Management for the Financial Statement

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts)

Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report On other Legal & Regulatory Requirements

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

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

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (a) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (b) The Balance Sheet, the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- (c) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (e) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in Annexure A
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The Company does not have any pending litigations which would impact its financial position
- ii) The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses for which provision was required to be made under the applicable law or accounting standard.
- iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company

For SAPR & Co LLP
Chartered Accountants
FRN: N500111

Sanchit Arora



Sanchit Arora
Partner
M. NO. 435331

Place: New Delhi
Date: 28/09/2021

UDIN: 21435331AAAA9339

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

1. In respect of Fixed Assets;

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

2. In respect of Inventories;

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

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

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

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

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

Sanchit Arora



Sanchit Arora
Partner
M. NO. 435331

Place: New Delhi
Date: 28/09/2021

UDIN: 21435331AAAAON9339

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



Sanchit Arora
Partner
M. NO. 435331

Place: New Delhi
Date: 28/09/2021

UDIN: 21435331AAAA DN 9339

Name of Assessee	: QUALITEK LABS PRIVATE LIMITED
Date of Incorporation	: 17/5/2018
Address	: 166, SFS Apartments Hauz Khas New Delhi -110016
Status	: Private Limited Company
PAN	: AAACQ5400B
Previous Year	: 2020-21
Assessment Year	: 2021-22

INCOME FROM BUSINESS OR PROFESSION

(In Rupees)

Net Profit as per Profit & Loss Account	68,61,767
Add: Expenses not allowed under Income Tax Act,1961	
Interest on TDS Dis-allowed u/s 37	
Dis-allowance u/s 40(a)(ia)	69,577
Prior period Expense	
Provident Fund paid after due date	5,24,668
Depreciation as per Companies Act	9,46,089
	<u>34,79,001</u>
	1,18,81,101
Less: Expenses allowed under Income Tax Act,1961	
Pre-Incorporation expenses as per section 35D (3/5 utilize)	31,000
Depreciation as per Income Tax Act	76,83,752
Income From Business Or Profession	<u>41,66,349</u>
Less : Brought forward business loss	(1,41,48,184)
Income From Business Or Profession	<u>(99,81,835)</u>
Total Taxable Income\ (Loss)	
Taxable Income (Round off)	<u>(99,81,835)</u>
Tax Payable on Normal Income U/S 115BAA	
Add: Surcharge @ 10%	-
Add: Education Cess @ 4%	-
Total Tax Payable	<u>-</u>
Less: TDS	
	41,14,127
Tax Payable/(Refund Due)	<u>(41,14,127)</u>

Balance Sheet as on 31st March 2021

	Notes	31st March 2021 In Rs.	31st March 2020 In Rs.
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,00,000	1,00,000
Reserves and surplus	4	(18,77,003)	(65,54,293)
Non-current liabilities			
Long-term borrowings	5	11,21,37,709	6,38,86,655
Deferred tax Liabilities (net)	10	60,370	-
Current liabilities			
Trade Payables	6	1,91,16,105	1,13,54,096
Other current liabilities	7	1,25,00,274	33,27,837
		14,20,37,455	7,21,14,296
II. ASSETS			
Non-current assets			
Property, Plant & Equipment and Intangible Assets			
-Property Plant and Equipment	8	6,33,35,996	3,87,37,376
-Capital Work in Progress		4,47,15,270	1,21,94,859
Non-Current Investments	9	70,000	-
Deferred tax assets (net)	10	-	21,24,107
Long-Term Loans and Advances	11	94,16,170	62,07,784
Current assets			
Trade receivables	12	1,20,23,133	49,70,436
Cash and cash equivalents	13	13,14,291	2,87,118
Other current assets	14	1,11,62,595	75,92,615
		14,20,37,455	7,21,14,296

Summary of Significant Accounting Policies 2.1

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

As per our report of even date

Auditor's**For SAPR & Co. LLP**

Chartered Accountants

Sanchit Arora
Partner

M. No. 435331

FRN No. N500111

UDIN:- 21435331AAAA DN9339

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

For QUALITEK LABS PRIVATE LIMITED

Anju Agarwal
Director
DIN. 00501943
Place: New Delhi
Date: 28/09/2021

For QUALITEK LABS PRIVATE LIMITED

Kamal Grover
Director
DIN. 07429267
Place: New Delhi
Date: 28/09/2021

NOTES FORMING PART OF ANNUAL ACCOUNTS

1 Nature of operations

Qualitek Labs Private Limited (QT Labs), a NABL ISO / IEC 17025 : 2017 accredited laboratory company formed by Industry professionals having more than one decade of experience in the testing, inspection, certification, homologation and audit services. They offer complete one stop end to end testing solutions to evaluate automotive material, components, assemblies and full vehicle as per Indian and International standards like ASTM, IS, ISO, JIS, BS, EN, SAE, FMVSS, DIN, VDA, Specific OEM Standards etc.

2 Basis of preparation

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises the applicable provisions of the Companies Act, 2013 and Mandatory Accounting Standards as per the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1 Significant Accounting Policies

i) Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements and the results of operations during the reporting period end. Examples of such estimates include provisions for doubtful debts and advances, future obligations under employee retirement benefit plans, useful lives of fixed assets, contingencies, etc. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

ii) Property, Plant and Equipment

a) Initial Recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

- a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- d) The Expenses incurred and material used during construction phase have been capitalised in the books. The Lab in the Bhuvneshwar is in the construction phase, therefore, all the related expenditure during the period have been considered for capitalisation.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

b) Subsequent Recognition

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

c) Depreciation

Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Company are applied. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

Description	Schedule II Useful Life	Schedule XIV Rates (SLM)
Computer	3.00	31.67%
Books & Camera & Printer	5.00	19.00%
Vehicles	5.00	11.88%
Office Furnitures	10.00	9.50%
Plant & Machinery	15.00	6.33%

iv) Impairment

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

v) Revenue Recognition

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

a) Service Income

Revenue from Service Income is recognised on the basis of Completion method.

b) Interest

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

vi) Current and Deferred Tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

vii) Foreign Currency Transactions

A foreign currency transaction has been recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items has been reported using the closing rate. However, in certain circumstances, the closing rate may not reflect with reasonable accuracy the amount in reporting currency that is likely to be realised from, or required to disburse, a foreign currency monetary item at the balance sheet date. In such circumstances, the relevant monetary item has been reported in the reporting currency at the amount which is likely to be realised from, or required to disburse, such item at the balance sheet date.

Viii) Earning Per Share

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

ix) Operating Lease

Lease where the lessor effectively retains substantially all the risk and reward of ownership over the lease term are classified as operating lease. Operating lease rentals are recognised as an expenses in the profit and loss account on the basis of agreement over the lease period.

x) Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation 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 there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The company does not recognize a contingent liability but discloses its existence in the financial statements.

There are no contingent liability as on 31st March 2021.

xi) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank accounts, fixed deposits with banks and other short term highly liquid investments with original maturities of three months or less.

xii) Borrowing Costs

Borrowing Costs are the interest and other costs incurred by an enterprise in relation to the borrowing of funds, These costs may include Interest and commitment charges on bank borrowings and other short term and long term borrowings. The borrowing costs that directly relate with the acquisition, construction or production of a qualifying asset need to be capitalized as a part of the cost of the asset. The finance cost related to construction have been capitalised in the books.

xiii) The figures have been regrouped where ever applicable.

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Notes to financial statements for the year ended 31st March 2021

3 Share Capital

Authorised Share Capital

10000 equity Shares of Rs. 10/- each

Issued, Subscribed and Fully Paid-Up Share Capital

10000 equity shares of Rs. 10/- each fully paid up

31st March 2021 In Rs.	31st March 2020 In Rs.
1,00,000	1,00,000
1,00,000	1,00,000
1,00,000	1,00,000

a. Equity Shares held by each shareholder holding more than 5% Share

Name of Shareholder	March 31, 2021			March 31, 2020		
	Number	%	Amount	Number	%	Amount
TIC SERVICES PVT. LTD.	9999	99.99	99,990	9999	99.99	99,990

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

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

Particulars	March 31, 2021		March 31, 2020	
	No.	Amount	No.	Amount
Shares outstanding at the beginning of the year	10,000	1,00,000	10,000	1,00,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	10,000	1,00,000	10,000	1,00,000

c. Terms/Rights attached to the Equity Shares

Equity Shares: The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held

4 Reserve and Surplus

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

Balance as per the last financial statements

Profit(Loss) for the year

Net (deficit) in the statement of profit and loss

31st March 2021 In Rs.	31st March 2020 In Rs.
(65,54,293)	(73,22,227)
46,77,290	7,67,933
(18,77,003)	(65,54,293)

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Notes to financial statements for the year ended 31st March 2021

5 Non-Current Liabilities

Long Term Borrowings

Unsecured Loans

Loans and advances from related parties

Tics Services Pvt. Ltd.

Antaryami Nayak (Director)

Loan from financial institutions

Hero Finance

ICICI Bank

31st March 2021 In Rs.	31st March 2020 In Rs.
7,93,61,260	3,82,43,315
-	2,55,000
2,98,06,449	2,53,88,340
29,70,000	-
11,21,37,709	6,38,86,655

6 Trade Payables

Sundry Creditors

31st March 2021 In Rs.	31st March 2020 In Rs.
1,91,16,105	1,13,54,096
1,91,16,105	1,13,54,096

7 Other current liabilities

Duties and taxes

PF ESI Payable

Advance from Vendor

Expenses Payable

Other Expense Payable

Salary Payable

Audit Fee Payable

Electricity Expense Payable

31st March 2021 In Rs.	31st March 2020 In Rs.
6,78,799	8,47,815
1,77,798	-
83,86,729	20,45,480
2,58,384	3,25,446
9,27,024	80,596
28,500	28,500
20,43,040	-
1,25,00,274	33,27,837

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QUALITEK LABS PRIVATE LIMITED ANNUAL REPORT 2020-21

8. Property Plant & Equipment as per Companies act, 2013

Particular	Rate	Gross Block					Depreciation Block				Net Block	
		Opening Balance as on 1st April 2020	Addition during the year	Sale/disposal during the year	Profit/(Loss) on sale of Asset	Closing Balance as on 31st Mar 2021	Opening Balance as on 1st April 2020	Provided during the year	Deduction/ adjustments during the year	Closing Balance as on 31st Mar 2021	Carrying Amount as on 31st March 2021	Carrying Amount as on 31st March 2020
Computer and Others	31.67%	5,48,305	1,82,204	-	-	7,30,509	1,49,628	1,45,402	-	2,95,031	4,35,478	3,98,677
Office Equipment - Books	19.00%	3,10,080	2,13,175	-	-	5,23,255	70,861	59,656	-	1,30,517	3,92,738	2,39,219
Office Equipment - OE	19.00%	63,544	1,26,249	-	-	1,89,793	12,373	21,034	-	33,407	1,56,386	51,171
Furniture and Fixture	9.50%	9,62,255	7,54,448	-	-	17,16,703	98,321	1,23,142	-	2,21,463	14,95,240	8,63,934
Plant and Machinery	6.33%	3,97,01,587	2,26,97,044	-	-	6,23,98,631	25,17,211	28,27,847	-	53,45,058	5,70,53,573	3,71,84,376
Furniture and Fixture - WIP	0.00%	1,21,94,859	1,25,40,549	-	-	2,47,35,408	-	-	-	-	2,47,35,408	1,21,94,859
Capital WIP	0.00%	-	1,99,79,861	-	-	1,99,79,861	-	-	-	-	1,99,79,861	-
Motor Vehicles	11.88%	-	41,04,501	-	-	41,04,501	-	-	-	-	-	-
Total		5,37,80,630	6,05,98,031	-	-	11,43,78,661	28,48,395	34,79,001	-	63,27,396	10,80,51,266	5,09,32,235

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Notes to financial statements for the year ended 31st March 2021

9 Non Current Investments

Investment in Eq. share of Quality & Testing Infosolution Pvt Ltd

31st March 2021 In Rs.	31st March 2020 In Rs.
70,000	-
70,000	

10 Deferred Tax Asset (net)/ Liabilities

Deferred tax Asset

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

Business Loss are allowed to be carried forward and set off u/s 72 of Income Tax Act in the future years (to the extent considered reasonable)

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

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

31st March 2021 In Rs.	31st March 2020 In Rs.
(27,05,778)	(15,77,773)
25,12,428	36,78,472
1,17,375	-
15,605	23,408
(60,370)	21,24,107

11 Long-Term Loan and Advances

Security Deposit

Other Loans and Advances:

31st March 2021 In Rs.	31st March 2020 In Rs.
26,69,900	26,69,900
67,46,270	35,37,884
94,16,170	62,07,784

12 Trade Receivables

Receivable

Outstanding for the period more than six months from the date they are due for payment

Others

31st March 2021 In Rs.	31st March 2020 In Rs.
3,24,481	2,61,873
1,16,98,652	47,08,563
1,20,23,133	49,70,436

13 Cash and cash equivalents

Balance maintain with bank
Axis Bank

31st March 2021 In Rs.	31st March 2020 In Rs.
13,14,291	2,87,118
13,14,291	2,87,118

14 Other Current Assets

Income Tax Refund

TDS Receivable

GST Input Credit

31st March 2021 In Rs.	31st March 2020 In Rs.
31,08,979	31,08,979
41,14,127	-
39,39,489	44,83,637
1,11,62,595	75,92,615

Notes to financial statements for the year ended 31st March 2021

15	Revenue from Operations	31st March 2021 In Rs.	31st March 2020 In Rs.
	Testing Services	6,35,48,885	3,72,05,903
	Sale of Goods	91,689	-
		6,36,40,574	3,72,05,903
16	Other Income	31st March 2021 In Rs.	31st March 2020 In Rs.
	Rental Income	-	5,000
	Interest received on refund	-	42,780
	Discount Received	93,880	-
	Liability Written Off	9,197	38,007
		1,03,077	85,788
17	Direct Expenses	31st March 2021 In Rs.	31st March 2020 In Rs.
	Testing Material Purchase	14,82,139	7,91,017
	Testing Service Charges	1,18,99,445	26,44,463
	Calibration Services	6,64,746	2,81,915
	Consumable Expenses	4,47,584	-
	Transportation Charges	1,80,498	2,27,662
		1,46,74,412	39,45,057
18	Employee benefits expense	31st March 2021 In Rs.	31st March 2020 In Rs.
	Salaries and Wages	1,26,16,307	1,18,47,424
	Staff Welfare Expenses	1,56,785	61,115
		1,27,73,092	1,19,08,539
19	Finance Costs	31st March 2021 In Rs.	31st March 2020 In Rs.
	Bank Charges	38,007	65,922
	Interest on Loans	-	9,12,791
		38,007	9,78,713
20	Depreciation and Amortization Expenses	31st March 2021 In Rs.	31st March 2020 In Rs.
	Depreciation of Property, Plant & Equipments	34,79,001	19,26,631
		34,79,001	19,26,631

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Notes to financial statements for the year ended 31st March 2021

21 Other expenses

	31st March 2021 In Rs.	31st March 2020 In Rs.
Audit Fee (Refer Note No. 21.1)	28,500	28,500
Office and Administrative Expenses	12,10,135	14,88,912
Printing & Stationery Exp	49,780	2,09,703
Postage and Courier Charges	5,94,840	-
Repair and Maintenance Exp	4,11,300	-
Professional Fees	15,95,200	6,20,000
Rent Expense	68,41,195	52,64,774
Advertisement & Sales Promotion Exp.	13,290	5,72,389
Travelling & Conveyance Exp	3,61,277	6,34,443
Electricity & Water Charges	1,29,13,491	58,91,674
Insurance Charges	69,462	44,094
Lab Expenses	4,06,726	2,55,000
Telephone and Internet Charges	79,362	39,050
Net Gain/Loss in foreign exchange	1,19,654	58,444
Statutory Charges	71,127	62,935
Security Expenses	27,242	7,07,748
Diesel Expenses	5,88,762	3,63,030
Bad Debts	11,363	-
Misc. Expenses	-	21,500
	2,53,92,706	1,62,62,196

21.1 Payment to Auditors

Statutory Audit Fee

	31st March 2021 In Rs.	31st March 2020 In Rs.
Statutory Audit Fee	28,500	28,500
	28,500	28,500

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Notes to financial statements for the year ended 31st March 2021**22 Earnings per share (EPS)**

	31st March 2021	31st March 2020
	In Rs.	In Rs.
Earnings attributable to Equity Shareholders	46,77,290	7,67,933
Weighted average number of equity shares in calculating basic EPS	10,000	10,000
Basic Earning per share	467.73	76.79

23 Leases**Operating Lease (company as lessee)**

The Company has taken three office premises on operating lease. The lease agreement are generally cancellable and are renewable by mutual consent on mutually agreed terms and conditions.

	31st March 2021	31st March 2020
	In Rs.	In Rs.
Lease Rentals	67,94,143	52,27,558
	67,94,143	52,27,558

24 Related party transactions

In accordance with the requirement of Accounting Standard(AS-18) on related party disclosures, the name of the related parties where control exists and/or with whom transaction have taken place during the period and description of relationship, as identified and certified by the management are as below:

1. Names of related parties and related party relationships**A. Key Management Personnel**

Kamal Grover	[Director]
Anju Agarwal	[Director]
Alok Kumar Agarwal	[Additional Director]

B. Other related parties

ASC Consulting Private Limited	[Common Director]
TIC Services Private Limited	[Holding Company]
Interstellar Testing Centre Private Limited	[Common Director]
Asc Insolvency Services LLP	[Common Partner]
Efreakz Technologies LLP	[Common Partner]
Skm Realcon Private Limited	[Common Director]
Bsp Freedo Private Limited	[Common Director]
Kayval Vision Fund Private Limited	[Common Director]
Asc Outsourcing Private Limited	[Common Director]
Asc Advisory Services Private Limited	[Common Director]
Aka Jewel Pourri Retail Private Limited	[Common Director]
Asc Financial Services Private Limited	[Common Director]
First Design Private Limited	[Common Director]
Asc Sourcing Solutions Private Limited	[Common Director]

2. Related parties with whom transactions have taken place during the current year or previous year**A. Key Managerial Personnel**

Kamal Grover	[Director]
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B. Other Related Parties

TIC Services Private Limited	[Holding Company]
Quality & Testing Infosolution Pvt Ltd	[Subsidiary Company]

3. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

A. Transaction with Other Related Parties			
Transactions with the companies in which director of concerned company is having significant influence			
<u>Unsecured Loans</u>			
<u>Loans Given by</u>			
Antaryami Nayak			2,55,000
TIC Services Private Limited		7,93,61,260	3,82,43,315
 Closing balance of Loans Given to			
Quality & Testing Infosolution Pvt Ltd		26,95,000	-
 Investment in			
Quality & Testing Infosolution Pvt Ltd		70,000	-
		8,21,26,260	3,84,98,315

QUALITEK LABS PRIVATE LIMITED ANNUAL REPORT 2020-21

Statement of Profit and Loss for the financial year ended on 31st March 2021

	Notes	31st March 2021 In Rs.	31st March 2020 In Rs.
Revenue			
Revenue From Operations(net)	15	6,36,40,574	3,72,05,903
Other Income	16	1,03,077	85,788
Total revenue (I)		6,37,43,652	3,72,91,691
Expenses			
Direct Expense	17	1,46,74,412	39,45,057
Employee benefits expense	18	1,27,73,092	1,19,08,539
Finance Costs	19	38,007	9,78,713
Depreciation and amortization expense	20	34,79,001	19,26,631
Other expenses	21	2,53,92,706	1,62,62,196
Total Expenses (II)		5,63,57,217	3,50,21,137
Profit/(loss) before Exceptional & Extra-ordinary Items (I-II)		73,86,435	22,70,554
Prior Period Expense		5,24,668	-
Profit/(loss) before tax		68,61,767	22,70,554
Tax expenses			
Current tax			
Deferred Tax Liability/(Assets)	10	(21,84,477)	(15,02,621)
Profit/(loss) for the Period from continuing operations		46,77,290	7,67,933
Earnings per equity share [Nominal value of share Rs.10]			
Basic	22	467.73	76.79

Summary of Significant Accounting Policies 2.1
The accompanying notes are an integral part of the financial statements.
As per our report of even date

Auditor's
For SAPR & Co. LLP
Chartered Accountants

Sanchit Arora
Partner

Sanchit Arora
Partner
M. No. 435331
FRN No. N500111



UDIN:- 21435331AAAA DN9339

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

For QUALITEK LABS PRIVATE LIMITED **For QUALITEK LABS PRIVATE LIMITED**

Anju Agarwal
Director/Auth. Sign.
Director
DIN. 00501943

Place: New Delhi
Date: 28/09/2021

Kamal Grover
Director/Auth. Sign.
Director
DIN. 07429267

Place: New Delhi
Date: 28/09/2021