






# ANNUAL REPORT 2022-23

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Construction of Primary School Building under CM RISE Project - Madhya Pradesh Building Development Corporation Bhopal.



SAFESS: BPCL Bina Refinery Shutdown Project Team



Construction Supervision at IIT Bombay New Annexe to HSSA Building.

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***Board of Directors******Chairman:***

Mr. Arun Sharma

***Directors***

Mr. Ashokkumar Srivastava

Mr. Vinay Kshirsagar

Ms. S. Priya

Mr. Hrishikesh Joshi

Mr. Gautam Chatterjee

***Senior Management Team***

Mr. S.N. Mishra, Vice President

Mr. Paulson N Chakkunny, Vice President

Mr. B.V. Nargundkar, Sr. Vice President

Mr. V R Venkatakrishanan, Vice President

***Auditors***

M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants

***Bankers***

Bank of Baroda, HDFC Bank

***Registered & Head Office and Training-Cum-R&D Centre***

52A, Adi Shankaracharya Marg, Opp. Powai Lake, Powai, Mumbai – 400 072

***Survey Stations (India)***

Bangalore, Baroda, Bhopal, Chennai, Hyderabad, Mumbai, Kolkata, New Delhi, Pune, Vishakhapatnam, Odisha, Rajasthan

***Survey Stations (Overseas)***

Doha

***Corporate Identity Number***

U74120MH2014PTC254091

***Subsidiaries***

- SAFESS QUALITY MANAGEMENT PRIVATE LIMITED
- ARUN ABHIYANTEY PRIVATE LIMITED
- INVESTMENT IN PT IRCLASS SERVICE INDONESIA
- INVESTMENT IN GUANGZHOU DAZHONG CERTIFICATION

*To the Members of IRClass Systems and Solutions Pvt. Ltd. (ISSPL)*

Your Directors have pleasure in presenting the Tenth Annual Report together with audited statement of accounts for the year ended March 31, 2023.

**1. Financial Results:**

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
	(Rs in Lakhs)		(Rs in Lakhs)	
<b>Total Revenue:</b>				
Survey Fees:				
Industrial Division	7,370.59	6,731.87	7,370.60	6,731.87
IRQS Division	3,151.42	2,584.10	3,151.42	2,584.10
Others	1,296.65	954.92	572.58	305.00
	11,818.66	10,575.95	11,094.60	9,621.03
Other Income	73.60	175.38	127.50	143.03
<b>Total Revenue .....</b>	<b>11,892.26</b>	<b>10,751.33</b>	<b>11,222.10</b>	<b>9,764.06</b>
<b>Total Expenditure:</b>				
Employee Cost	5,687.70	5,037.30	5,494.09	4,801.30
Other Cost	5,266.06	4,483.74	4,692.82	3,713.01
Finance Cost	110.62	55.54	104.48	47.81
Depreciation & Amortisaation	236.85	107.63	223.98	91.25
<b>Total Expenditure.. ..</b>	<b>11,301.23</b>	<b>9,684.21</b>	<b>10,515.37</b>	<b>8,653.37</b>
<b>SURPLUS... ..</b>	<b>591.03</b>	<b>1,067.12</b>	<b>706.73</b>	<b>1,110.69</b>

In the current year, the total Standalone revenue has increased from Rs. 97.64 crores to Rs.112.22 crores and the net surplus has decreased from Rs. 11.10 crores to Rs. 7.07 crores.

The total consolidated revenue has increased from Rs. 105.75 crore to Rs. 118.19 crore as compared to the previous year. The net surplus has decreased from Rs. 10.67 crore to Rs. 5.91 crore mainly due to underperformance of Safess in terms of both revenue and surplus and Industrial division in terms of surplus. IRQS Division and GML Division have performed well in the current year in terms of revenue and surplus. Safess revenue has decreased by Rs. 3.27 crores mainly due to lower tender booking in the financial year.

**2. Transfer to Reserve:**

Your Company has not transferred any amount of the current year to general reserves.

**3. Industrial Services**

Industrial Services had grown by 11% from INR 6,731 L in FY2021-22 to INR 7,477 L in FY2022-23.

With a resource strength of 730 out of which 650 are Engineers of various discipline catering to Oil & Gas – Upstream, Midstream and Downstream, Infrastructure Projects, Power and Process Industries, Defense Sector and Renewable Sector.

**Introduced appended high-end services**

- Program Management
- RLA – Residual Life Assessment
- IBR/ Material Testing Lab

**Industrial Division’s Geographical Expansion Initiative:**

**New Offices**

- Odisha - Bhubaneswar
- Uttar Pradesh - Lucknow
- Uttarakhand - Dehradun
- Assam – Guwahati

**Resident Engineers**

- Ahmadabad
- Jaipur
- Rajkot
- Aurangabad
- Coimbatore
- Vapi
- Nagpur

**Business Process Application**

We rolled out Business Process Application - APEX 3.0 for Lead generation, Marketing Visit tracking, Quotation and Order tracking and Execution etc.

**Up-selling**

Many Clients where we started with One Service offering now being catered with multiple Services viz.

Sr. No.	Client	Initial Service	Additional Services
1	L&T Hydrocarbon	Third Party Inspections	Advanced NDT & Civil NDT
2	Nayara Energy	Civil NDT	Advanced NDT
3	Reliance	Third Party Inspections	HOTO Audits
4	SBI Life Insurance	HSE Services	Construction Audits
5	Adani Ports & SEZ	Civil NDT	Advanced NDT & HSE Services
6	Siemens Gamesha	Third Party Inspections Solar Projects	Wind Projects and Plant Performance Testing etc.

**Registrations and Approval**

Registration of ISSPL in Doha and ISO 9001 Certification is completed.

GML Lab received approval from IBR.

ISSPL successfully empaneled with GAIL as one of the Third-Party Inspection Agency.

**Client Appreciation**

Sr. No.	Client	Project	Name of Engineer
1	L&T Hydrocarbon	HRRL Refinery DFCU Package	Mr. Vishal Gandhi & Mr. Shubham
2	IOCL, Jodhpur	3 X 600 MT LPG MSV at Jodhpur	Mr. Vijay Kumar Goyal
3	Reliance Jio	RBML Branding Project	Mr. Maulik Patel
4	Labcon Scientific Instruments Pvt. Ltd.	Aviation Fuel Testing - Electrical Conducting Meters for 23 IOCL Locations	Mr. Ramraj Palnivel
5	ONGC, Agartala	Creation of Surface Facility of Trishna EPS	Mr. Bacchan Bandury
6	Veolia	Tilenga Upstream Facilities of TOTAL E&P	Mr. V. Balaji
7	BHEL, Bhopal	For Various Projects.	Mr. Ritesh Amlekar & Mr. Prabhat Malaviya
8	Pidilite	For Process Industry	Mr. Parth Chauhan

**QHSE (Quality, Health, Safety and Environment) Highlights of FY2022-23:**

Commitments towards environment and sustainability are one of the top priorities for Industrial Division, SAFESS and GML. To achieve Environment and Sustainability goals, we started implementing ISO 14001 and ISO 45001 Certification requirement since October 2021 and subsequent Stage1 and Stage 2 Audits by BSI, we received ISO 14001 and ISO 45001 for Industrial Services, GML and SAFESS including Doha – Qatar Office, in February 2023.



**Significant Contracts won during the year include:**

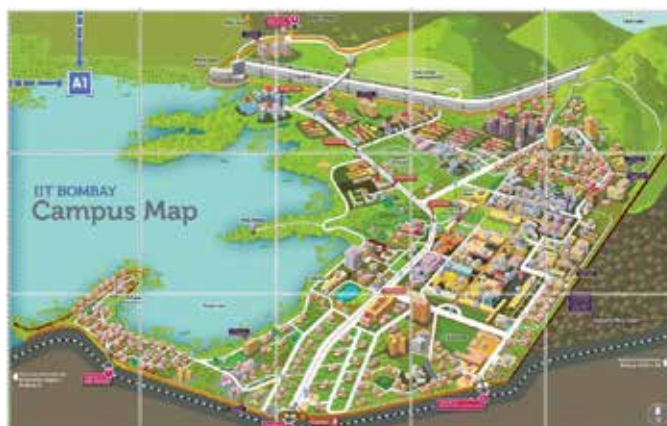
Sr. No.	Client – Project	Services	Fees
1	IIT Bombay – Additional Infrastructure Facilities	Program Management Consultancy Services	INR1500L

Sr. No.	Client – Project	Services	Fees
2	Madhya Pradesh Building Development Corporation	Supervision and Quality Control Services	INR 430L
3	Commissioner of Fisheries Development of Fishing Harbour at Navabundar, Gujarat	Third Party Inspections and Quality Assurance Services	INR 250L
4	Mahanadi Coalfields Limited Construction of permanent Coal Transportation concrete road at different location of Annata OCP, Jagannath Area	Supervision and Quality Control Services	INR 200L
5	Shyama Prasad Mukherjee Port, Kolkata – Rehabilitation of 7 NSD old berths including development of backyard at N.S. Dock, KDS, SMP, Kolkata	Project Management Consultancy Services	INR 180L
6	Government of Gujarat, Aviation Department (GUJSAIL) – Development of Airstrip at Ankleshwar	Third Party Inspection and Quality Assurance Services	INR 140L
7	NF Infratech Service Private Limited	Inspection of Mobile Handsets for Rajasthan Government	INR 20L
8	L&T Defence – CNAI & MSQAA	Third Party Inspection Services	INR 20L
9	MB Power Limited – 2 X 600 MW Annapur Thermal Power Project	Third Party Inspection Services	INR 20L

### **IIT Bombay – Program Management Consultancy Services:**

At present, IIT Bombay caters to about 12,000 students with a total built-up area of 9.00 lakh sq.m. The Institute envisages a total student strength of 20,000 in the next five to seven years with total built up area requirement of about 19 lakh sq.m.

To achieve this mission, IITB has appointed ISSPL - Industrial Division as the sole agency to provide Program Management Consultancy for the next five years to build various additional Infrastructure facilities like academic blocks, research facilities, hostel buildings, residential quarters, laboratories and allied infrastructure.



**Lender’s Advisor for Asia’s largest Bio-CNG Plant in Indore**

HDFC Bank under its ESG commitment has joined hands with Indore Clean Energy Private Limited (ICEPL) for development of 550 tonnes/day of Municipal Solid Waste (MSW) to Compressed Biogas (CBG) plant – the largest Bio-CNG plant in Asia. ICEPL is promoted by Green Growth Equity Fund (GGEF), which is the largest climate impact fund in India with anchor investors like NIIF & Government of UK. Industrial Division’s scope includes review of plant technology, mass balance, plant capacity, Operation & Maintenance monitoring together with advising lenders on various technical/ operational aspects of the project. The first part of the assignment was successfully completed to the satisfaction of the Lenders, and we shall continue providing quarterly monitoring services.



**Electrical & Fire Safety Audits of Reliance Retail Stores/ Distribution Centers/ Warehouses in 04 States in India:**

Industrial Division bagged order from Reliance Projects & Property Management Services Limited for Electrical & Fire Safety Audits of their 120+ Retail Stores/Distribution Centers/Warehouses in Maharashtra, Haryana, Kerala, Delhi and NCR regions. Electrical and Fire Safety Audits are conducted by Industrial Division. Electrical & Fire Safety experts verify compliance of Standards devised for Electrical, Fire & Life Safety. These audits also emphasis on compliance to Legal requirements, Rules & Regulations, Codes & Standards, Reliance internal Fire & Electrical safety norms and good safety practices.

**Flue Gas Desulfurization Systems Installations at Thermal Power Plants:**

The Environment Ministry had revised emission norms for particulate matter (PM), sulphur dioxide and oxides of nitrogen for TPPs in December 2015, requiring them to install emission control systems by December 2017.

Industrial Division had provided Inspection support to BHEL- Ranipeth, NTPC and L&T Power for various TPP's FGD Pkg. Material Inspection.

1. BHEL- Ranipeth : 2X490MW NTPC DADRI & BIFPCL Bangladesh Maitree TPP
2. L&T Power – NTPC Darlipalli , Khargone , Lara & Vidhyanchal
3. L&T Howden Pvt. Ltd,- Various TPPs FGD Items.
4. MB Power MP's 2x600 MW Annupur Thermal Power Project.
5. NTPC Tamilnadu Energy Company Ltd, Vallur Thermal Power Project.

**Expediting & Inspection Services for SRF Limited:**

Industrial Division is providing Expediting and Inspection Services to SRF Limited which is engaged in the manufacturing of industrial and specialty intermediates. The company's business portfolio covers fluoro-chemicals, specialty chemicals, packaging films, technical textiles, coated and laminated fabrics.

**Pre Dispatch Inspection of Storage Tanks (Stainless Steel Water Tanks):**

Chhattisgarh State Industrial Development Corporation (CSIDC - Marketing Wing), Raipur is a Chhattisgarh State Nodal Agency involved in establishment, maintenance and up-gradation of Industrial Areas and Projects infrastructure development for conducive growth of business. CSIDC is also the Nodal Agency for implementing and monitoring the National mission on Food Processing Scheme. CSIDC awarded Third Party Inspection Services contract to Industrial Division for carrying out various bought out items inspections to ensure quality of items and equipment's being procure along the supply chain to meet their mission requirement. As a part of this Contract Industrial Division carried out Pre-Dispatch Inspection of Stainless-Steel Water Tanks of various capacities of 500, 1000, 1500, 2000, 3000 Ltr.



### Construction of Primary School Building under CM RISE Project - Madhya Pradesh Building Development Corporation Bhopal

Madhya Pradesh Building Development Corporation (MPBDC) an youngest State Government Nodal Agency under the administrative control of Public Works Department. The main objective of this Corporation is to construct Office Buildings across the State for various Government Divisions, Departments and Corporations with High Quality and to complete the Projects within the stipulated time. Industrial Division was awarded Project Management Consultancy contract for construction of 15 Primary School Buildings across the State under CM Rise Project.

### Owners Engineer of Infrastructure and Maintenance Activities at BALCO, Korba:



Industrial Division is providing Owner's Engineers services to ensure effective quality / Quantity Assurance / Control in the various Construction site of BALCO, Korba and when required. Scope of Work is mainly for following assets like Plant, Township, Mines, Boundary Wall, Flood Mitigation Measures, Horticulture, Road etc.



**Non-Destructive Testing’ services on Coker Drum at IOCL Panipat Refinery**

Industrial Division completed ANDT - ‘Non-Destructive Testing’ services on ‘Coker Drum’ at IOCL Panipat Refinery for L&T’s MRU (Maintenance, Revamping & Utility of Equipment’s).

The Coker drum is constructed with High Alloy Steel and In-conel Cladding on inside wall to avoid erosions. Our Team utilized specialized ‘Jireh Scanner’ and ‘Dual Matrix Array’ probes for better detection capacity and minimal time, which was appreciated by L&T Team.

Upon successful completion L&T has also awarded similar critical inspections services contract for Bharat Oman Refinery Limited, Bina, MP along with for NDT inspections on live ‘Hot temperature Coker Drum’.

**Lecture at DROD, Vizag on “An Overview of Quality and QMS”**

Mr. Madhu Babu from Industrial Division Vizag has recently delivered lecture to DRDO Officials covering topic of “An Overview of Quality and QMS”.



**Seminar by Fire & Safety Association of India at Vizag**

Mr. Madhubabu from Industrial Division Vizag has participated as Guest Speaker at seminar conducted by Fire & Safety Association of India at Vizag. Key Changes in Latest Safety and security standards of ISO 45001 & ISO 28000 were the subject covered during the seminar



**HAL Lucknow invited ISSPL Industrial Division for UPL Global summit**

Uttar Pradesh State Government had conducted Global Investment Summit 2023 from 10th to 12th February 2023 at Lucknow. As a part of Central Government’s Make in India initiative special pavilion and discussion sessions was planned specific to Aerospace and Defense Sector, wherein HAL Lucknow was lead theme Partner. HAL Lucknow being Industrial division’s strategic since 2019. Mr. Pradeep Bansal AVP from Delhi Office was invited by HAL Lucknow officials to deliver a lecture on HAL Make in India Defense initiatives and involvement of ISSPLs Industrial Division as Third Party Inspection Agency to ensure quality of defense supplies. Mr. Pradeep Bansal is seen in below photographs while delivering the lecture to HAL and other delegates.



**Groundwater Recharge and Solar Micro Irrigation Project:**

Industrial Division bagged a contract from Odisha Community Tank Development and Management Society (OCTDMS) to ensure quality of civil works during construction of 10,000 Groundwater Recharge Wells in 15 Districts to enhance resilience in vulnerable Tribal area’s across Odisha State.

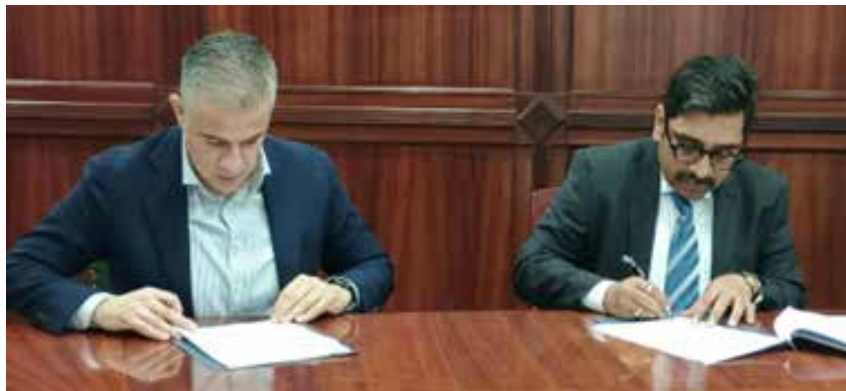
**Jal Swapna Project in West Bengal:**

Industrial Division bagged a contract from West Bengal Public Health Engineering Department (WBPHED) to carry out Third Party Inspection of material and works (both) to ensure quality and quantity under Jal Swapna Project to implement Rural Water Supply schemes in 3 zones covering districts of Murshidabad, Nadiya, Howrah, Hooghly, North 24 and South 24 Parganas.

**4. IRQS Activities**

With new challenges, financial year 22-23 has been a very dynamic year for IRQS. After COVID-19, FY 22-23 witnessed a period of transition from online to on-site audits which led to challenges like making adequate resources available, convincing clients to undergo onsite audit instead of online, managing cost of onsite vis-à-vis online audits

etc. The challenges were efficiently handled leading to a smooth transition. Continuing its focus on diversification, IRQS added new scheme on ResponsibleSteel Certification and became the 1st certification body in India to get an accreditation for the same. It also bagged the 1st order of ResponsibleSteel from TATA Steel. In addition to this 2 new products were added viz. FAMI-QS(Feed Additives and Pre-mixtures Quality System) and BRCGS(Brand Reputation Compliance Global Standard) which led to the expansion of portfolio for food products.



**Signing of FAMI-QS Agreement – September 2022**

**Certification**

The certificates of IRQS increased consistently from 2938 to 3158 nos. The primary focus was on development and promotion of new products as well as new markets. Domestically, IRQS has been consistently working on increasing its presence in tier 2 & tier 3 cities by making new recruitments and empanelling local auditors. While internationally it has been aggressively exploring new markets by identifying some new trusted and reliable partners whose know-how and presence in the local market can be banked upon.

**IRQS International Footprints:**

In FY 22-23, Taiwan continued to be the top selling market followed by USA and South Korea. New developments have been made in market of Russia and Egypt which will result in increase of certifications from these areas in the upcoming financial year.

Country	No of Clients	Country	No of Clients	Country	No of Clients
Taiwan	66	Bangladesh	4	Australia	1
USA	22	Mongolia	3	Mexico/US	1
Republic of Korea	18	Vietnam	3	Netherland	1
Turkey	13	Greece	2	Seychelles	1
Egypt	11	Kenya	2	United Kingdom	1
Sri Lanka	10	Saudi Arabia	2	<b>Total</b>	<b>202</b>
Afghanistan	8	Cambodia	1		
Singapore	8	Denmark	1		
Kuwait	7	Hong Kong	1		
Qatar	7	Kingdom Of Bahrain	1		
UAE	6	London	1		



Some of the key project executed by IRQS in FY 22-23 include:

- ResponsibleSteel certification for TATA Steel – Jamshedpur
- Safety Audit was conducted at multiple locations PAN – India based on ISO 45001 requirements for Godrej Properties
- Information Security Management System audit were conducted at 11 locations under Adani Corporate House
- A Russian entity SCF Management was certified for ISO 9001 & ISO 14001
- Tata Power - Corporate Office was certified against ISO 27001 requirements
- Nayara Energy – one of the biggest oil refinery was certified for IMS & ISO 50001 standards
- Green, Energy and Environmental audits were conducted against NAAC requirements at Parul University, K J Somaiyya College, Datta Meghe Medical College and BITS Pilani campus – Rajasthan
- Diversifying its presence in Bangladesh new orders for HKC were bagged from S N Corporation, K R Shipping & Kabir Steel
- Food Safety Hygiene Audit conducted for mobile and static units under IRCTC
- Project conducted for QCI on ‘Collection of data from ULB and document verification’ and ‘Citizen Feedback’
- Coaching Depot Hyderabad & Secunderabad were certified against requirements of Integrated Management System
- IMS certification of Essar Vizag Terminals Limited
- JSW Steel Works – Dolvi & JSW STEEL Limited Salav Works were certified for IMS & Energy Management System requirements
- Mazgaon Dock was certified against ISO 27001 standard
- ISO 13485 certification was awarded to American Standard Circuits LLC

- Hamdard Laboratories certified for AYUSH Standard Mark
- Another entity from USA, EDETEK Inc certified for ISO 27001
- Multiple locations contract was awarded by Fair Exports for IMS & FSSC 22000
- 5 locations of Delicia were certified for FSSC 22000
- A unique training on COBIT was successfully conducted for ACLEDA Bank – Cambodia
- Certification of JSW - Asian Colour Coated Ispat Ltd against IMS requirements
- ISO 27001 certification for Jordan Kuwait Bank
- ESL Steel Limited certified for IMS

### Ship Recycling

A dynamic growth has been observed under HKC certifications. Total 33 nos. of yards were certified for HKC by end of March 2023 whereas 7 nos. are certified under EU. In Fy 22-23, several yards were certified outside India. These includes Arab Shipbuilding & Repair Yard Company – Kingdom of Bahrain, S N Corporation - Bangladesh, Kabir Steel Limited - Bangladesh, Al-Blagha Industrial Company – Saudi Arabia.



**HKC certificate handover at S N Corporation in Bangladesh**



**HKC Audit at Ship Recycling Yard in Bangladesh**

**Coal Business – 2022 - 2023**

IRCLASS entered the Coal Sampling, Inspection & Testing Business since September 2018 as a Second Party Service Provider for Quality Council of India. Since then, it is handling the Talcher Area at Mahanadi Coal Fields of Coal India Limited. The business has been growing steadily year on year. Total quantity of coal handled in the current year is 335 Million Metric Ton as compared to 140 MMT in the previous year.

Two New Subsidiaries have been awarded to IRCLASS since December 2022. These includes ECL (Eastern Coal Fields) and BCCL (Bharat Coking Coal Limited).

The Major Customers are NALCO, JSPL, EMAMI Paper, TATA Steel, ACC Cement, Shyam Steel & SAIL DSP & RINL (Non- Power Customers) and Adani Power, Jindal Power, GMR, Sembcorp, NTPC, DB Power, MB Power, RKM Powergen (Power Customers).

**Trainings:**

IRQS trainings witnessed a continuous growth in the financial year 22-23. In total, 427 nos. of trainings were conducted Pan India. Post Covid the demand for classroom training program increased exponentially viz. 228 nos. of batches were conducted in Classroom mode while 199 nos. were conducted in Online mode.

Out of 427 nos. of training, 248 nos. of Lead Auditor trainings were conducted. Total no of delegates attending the IRQS training programs increased by 34%. The details Lead Auditor courses conducted and no of delegates attending the training programs attended are as follows:

Sr. No.	ISO Standard	No. of Trainings	Sr. No.	ISO Standard	No. of delegates attended
1	QMS LA	142	1	QMS LA	1157
2	EMS LA	29	2	EMS LA	212
3	OHSMS LA	54	3	OHSMS LA	399
4	ISMS LA	20	4	ISMS LA	146
5	BCMS LA	3	5	BCMS LA	17
<b>Total</b>		<b>248</b>	6	Others	2811
			<b>Total</b>		<b>4742</b>

**Accreditations:**

In 22-23, IRQS added 3 new schemes under its portfolio viz. ResponsibleSteel, FAMI-QS and BRCGS. It also successfully handled all of its accreditation audits including onsite witnesses. The details can be found below:

## DIRECTORS' REPORT

Sr. No.	Particulars		Details				
01)	Accreditation Audits FY : 2022 - 2023	A. NABCB	A1	On-Site Office Assessment: Annual Surveillance assessment for MDQMS scheme conducted on 5th & 6th Sept. 2022 - Accreditation continues.			
			A2	On-site Office Assessment Re-accreditation – Product Certification Scheme for AYUSH Products conducted on 10th and 11th Nov. 2022 – NABCB Reaccreditation granted.			
			A3	On-site Office Assessment for Annual Surveillance for the year 2022 by NABCB for ISMS and PIMS Scheme and Re-accreditation assessment by RvA for ISMS Scheme conducted on 29th Nov. to 1st Dec. 2022 – for NABCB Accreditation continues and RvA Re-accreditation granted.			
			A4	On-Site Office Assessment conducted from 30th Jan. to 1st Feb. 2023 for the following scheme(s) : Reaccreditation for QMS including MDQMS and EOMS – NABCB Re-accreditation granted. Surveillance for EMS, OHS, EnMS Scheme(s) the year 2023 – NABCB Accreditation continues.			
			A5	On-site Office Assessment conducted from 27th Feb. to 1st March 2023 for the following scheme(s) : Surveillance Audit for FSMS and FSSC Scheme(s) Scope extension for FAMI-QS Scheme.			
			A6	On-site Office Assessment conducted on 13th June 2022 for Unmanned Aerospace Scheme (UAS) Scheme.			
			A7	Remote Witness Assessments:			
				<b>Sr No</b>	<b>Name of the client(s)</b>	<b>Scheme(s)</b>	<b>Audit Date(s)</b>
				01)	Samudra Alloys Pvt. Ltd.	QMS, EMS, OHS	30th & 31st July 2022
				02)	Engineered Components and Systems India Pvt. Ltd.	EMS, OHS	4th & 5th Aug. 2022
				03)	Fabritronix Electronics Design Labs Pvt. Ltd.	MDQMS	16th to 18th Aug. 2022
				04)	Patanjali Foods Limited	FSSC 22000 Ver. 5.1	05-06 Dec 2022
				05)	Amulyam Ayurveda Pvt. Ltd.	Ayush Standard Mark	16-17 Dec 2022
				06)	Imperium Solutions	ISMS	2nd & 3rd Feb. 2023
		B. RvA	B1	Annual On-site and remote Office Assessment- Re-accreditation for the year 2022 conducted on 21st Nov. to 2nd Dec. 2022 for QMS, EMS, OHS, FSMS & ISMS: Scheme(s) – RvA Re-accreditation granted.			

# DIRECTORS' REPORT

Sr. No.	Particulars	Details					
			B2	On-site Witness Assessments conducted :			
				<b>Sr. No.</b>	<b>Name of the client(s)</b>	<b>Scheme(s)</b>	<b>Audit Date(s)</b>
				01)	Tata Steel Limited – Lime Plant	QMS	24th & 25th Nov. 2022
				02)	The Sandur Manganese & Iron Ores Limited [SMIORE]	Q M S , EMS & OHS	28th to 30th Nov. 2022
		C. ANAB	C1	On-site Office Assessment: Reaccreditation assessment conducted on 24th to 26th Aug.2022 for SCSMS Scheme – ANAB Reaccreditation granted.			
			C2	On-site Witness Assessments conducted:			
				<b>Sr. No.</b>	<b>Name of the client(s)</b>	<b>Scheme(s)</b>	<b>Audit Date(s)</b>
				01)	Savera Auto Comps Pvt. Ltd.	SCSMS	22nd & 23rd Aug. 2022
		D. IATF	D1	Annual On-site Office Assessment conducted on 4th to 6th April 2022 and 23rd to 24th November 2022 for IATF 16949.			
			D2	On-site Witness Assessments conducted:			
				<b>Sr. No.</b>	<b>Name of the client(s)</b>	<b>Scheme(s)</b>	<b>Audit Date(s)</b>
				01)	View Max	IATF 16949	28th and 29th April 2022
				02)	K R Industries	IATF 16949	20-21 Mar 2023
02)	New accreditation		2.1	Off-Site MDQMS Competence assessment conducted on 20-June-2022 for MDQMS (A 1.2) scheme and Witness Assessment conducted from 16th to 18 August 2023 (refer A6-3).			
			2.2	License Agreement signed for FAMI-QS Scheme and Scope extension for FAMI-QS Scheme - office assessment conducted by NABCB on 1st March 2023.			
			2.3	License Agreement signed for BRCGS scheme.			
03)	Auditor Qualification Process		3.1	No. of New empanelment completed		90	
				No. of Upgradation completed		28	
				No. of Enhancement completed		85	



### RvA Office Assessment – November 2022

#### ISSPL LAB:

The laboratory business added a new dimension to ISSPL services in FY 22-23. It started with 321 no of samples getting tested in April 2022 and gradually increased to more than 3.5 times with close to 1123 nos. of samples getting tested in March 2023. A total of 7227 nos. of samples got tested in FY 22-23. The year also witnessed lot of accreditations for the testing facility some of these includes NABL(National Accreditation Board for Testing and Calibration Laboratories), FSSAI (Food Safety and Standards Authority of India), EIC(Export Inspection Council) and CPCB(Central Pollution Control Board).

Some of the prominent clients for testing during FY 22-23 includes

- Hamdard Laboratories (India), Ghaziabad
- Jubilant Food Works Limited
- Amazon Seller Services Private Limited
- Rajasthan State Pollution Control Board
- Shapoorji Pallonji Bumi Armada Offshore Pvt. Ltd.
- Birla Corporation Limited
- Thermax Limited
- Thyssenkrupp Industrial Solutions (India) Private Limited
- Birla Cement Works
- Bikanervala Foods Pvt. Ltd.



**ISSPL Lab and IRQS team participating in trade fair**

**Marketing:**

With new products coming into portfolio, consistent efforts were made using different tools to create awareness and generate leads.

- Webinars were conducted on products like ResponsibleSteel, FAMI-QS & BRCGS
- Several significant updates were implemented on IRQS website to enhance user experience and increase conversions
- Updated product pages with compelling content, visuals, and detailed product information
- Redesigned entire training pages for better user experience
- Developed and added a new digital brochure, providing an engaging and informative resource to the target audience



**5. GML - A Division of ISSPL**

**GML - Metallurgical Failure investigation - Boiler Bank Tube**

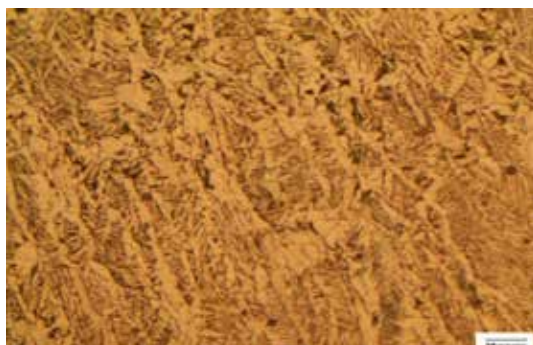
Background: Customer has submitted a failed Boiler Bank Tube sample for failure analysis. The failed tube seems to be burst after bulging / deformation. The reason for the failure needed to be evaluated.



**Failed Boiler Bank Tube**



**Macroetch tested part**



**Weld Microstructure**



**Microphotograph of Pitting corrosion**

Macro examination of failed tube at inside area reveals that cracks observed inside tube were alongside of the welds of outer surface. Scale / Iron oxide deposits observed on the inside surface of the tube. Deep corrosion pit marks observed on inside of the tube.

**Conclusion:**

Based on the outcome of metallurgical analysis, the failure of the tube possibly due to Stress-corrosion cracking, which is a combination of oxygen corrosion attack and applied stress during service / residual stresses present at the welds. The corrosion pits can act as stress-concentration sites which could be initiation points for stress-related corrosion mechanisms. The predominant development of corrosion pits alongside the weld region possibly due to the presence of residual stress on the weld region which led stress- induced corrosion.

**6. SAFESS QUALITY MANAGEMENT PVT. LTD. (SAFESS) - A wholly Owned subsidiary of ISSPL**

**Highlights during the year include**

1. SAFESS Memorandum of Association (MOA) Revised in view of future business.
2. SAFESS Initiated new entry in EPC and Asset Integrity Projects.
3. Successfully completed EHS Audit of ISO 14001: 2015 and ISO 45001:2018
4. PESO recognition under SMPV (U) & Petroleum Rules renewed.
5. Under Asset Integrity and Health assessment projects safes served specified services in corrosion mapping of Underground / Mounded vessels.

**Significant contracts won include:**

1. **Sulzer India Pvt. ltd. – BPCL Mumbai and BPCL Kochi Refinery Shutdown**  
SAFESS received a contract from Sulzer India Pvt. ltd for BPCL Refinery.  
Scope of contract is Provide NDT and ANDT Services for condition monitoring of equipment's in BPCL Mumbai and BPCL Kochi petrochemical refinery.
2. **Suryodaya Infra Projects (I) Pvt. ltd: For GAIL Usar**  
Condition and Health Assessment (Corrosion mapping of Shell and Dish Ends) of 03 no's Mounded Vessels.
3. **Total Energies Mangalore:**  
Scope of contract is Statutory Periodic Inspection and Certification of 02 Nos Horton Spheres as per Total Stand and as per PESO's SMPV (U) Rule 19.
4. **Suryodaya Infra Projects (I) Pvt. Ltd : GAIL Usar**  
Scope of work is Supply, construction and erection of structural watch towers at GAIL Petrochemical Complex Usar.

**Major Projects Completed:**

1. Sulzer India Pvt. Ltd – Condition monitoring of equipment's through providing NDT and ANDT Services to BPCL Mumbai and Kochi Refinery.
2. OPAL Dahej – Statutory testing of Horton Spheres under SMPV Rule 19
3. Deepak Fertilizers and Zuari agro chemicals Ltd – Statutory testing of Ammonia Bullets and shutdown of Dahej plant
4. ONGC Uran – Statutory testing of Horton Sphere under SMPV Rule 19

**Capacity Building**

1. Competency of persons enhanced by providing training on statutory requirement as per PESO.
2. Online Technical trainings / Webinars attended by Safess team.

3. Safety Awareness Training attended by Safess team which is given by Total Oil HSE Team.
4. Conducted training of ISO 14001: 2015 and ISO 45001:2018 Requirement for Certification.

**Achievement and Recognition: Total Energies**

Successfully completed Statutory testing 02 no's Horton sphere at Total energies Mangalore as per SMPV U Rule 18 and 19. After successfully completion of project Total energies Plant Head Apprise our team.



**7. ARUN ABHIYANTEY PVT. LTD. (AAPL) - A wholly Owned subsidiary of ISSPL**

It was engaged in execution of Statutory Job and Modification work in Petrochemical Industry. Currently, there are no operations carried out through this Company.

**8. Particulars regarding Foreign Exchange Earnings & Expenditure and Conservation of Energy & Technology absorption**

The Company is not into manufacturing activities and hence no expenditure was incurred on the conservation of energy and therefore the efforts to disclose are not relevant for the Company.

**Foreign exchange earnings and Outgo-**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are as follows:

With regard to foreign exchange earnings and outgo for the financial year 2022-23, the position is as under:

<b>Particulars</b>	<b>2022-23 (Rs. in Lakhs)</b>	<b>2021-22 (Rs. in Lakhs)</b>
Income in foreign currency	942.46	797.59
Expenditure in foreign currency	490.41	356.34

**9. Meetings of the Board**

The Board of Directors met 4 times during the period up to 31st March, 2023 and the gap between any two meetings did not exceed 120 days.

The Secretarial Standards pertaining to the Board Meetings and General Meetings have been duly complied with by the company.

**10. Maintenance Of Cost Records**

The Company is not required to maintain cost records as specified by Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

**11. Explanation Or Comments By the Board On Every Qualification, Reservation Or Adverse Remarks Made, If Any**

There are no qualifications, reservations or adverse remarks or disclaimers made by the Auditors in their report on the Financial Statement of the Company for the period ended 31st March, 2023.

**12. Statutory Auditors**

The consent of the Members of the Company is sought at the ensuing AGM for the reappointment of PKF Sridhar & Santhanam LLP, Chartered Accountants, (FRN: 003990S/S200018) as the Statutory Auditors of the Company for a period of three years from the conclusion of this 10th Annual General Meeting till the conclusion of the 13th Annual General Meeting of the Company to be held in the year 2026, on such remuneration as may be mutually agreed between the Board of Directors of the Company and Statutory Auditors. M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, (Registration no.003990S/S200018), have confirmed their eligibility to continue to be the Statutory Auditors of the Company.

**13. Directors and Key Managerial Personnel**

The Company has received a Declaration in Form DIR-8 from all the Directors stating that they are not disqualified under section 164 of Companies Act, 2013. The Company has also received Form MBP-1 from all the Directors under Section 184 of the Companies Act, 2013.

In terms of the applicable provisions of the Companies Act, 2013 the Company is not mandatorily required to appoint any whole time Key Management Personnel(s).

Mrs. Lekha Kumar, IRS, was appointed as an additional Director of the Company by the Board of Directors at its meeting held on 27th July, 2023, who holds office up to the

date of the Annual General Meeting. The Company has received notices in writing from members under section 160 of the Companies Act, 2013, with the intention to propose them for appointment as Directors of the Company. The Board considers that it would be in the interest of the Company to have the continued benefit of guidance of Mrs. Lekha Kumar, IRS, as member on the Board, and therefore recommends the appointment.

**14. Declaration given by Independent Director**

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to our Company.

**15. Public Deposits**

During the year under review, Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on date of balance sheet under the directives issued by Reserve Bank of India and under the provisions of section 73 of the Companies Act, 2013.

**16. Particulars of loan, Guarantee and Investment**

The Company has not subscribed or acquired securities of any Body Corporate during the financial year 2022-23 as per section 186 of the Companies Act, 2013, however the balances of the existing Investments are as reflected in note no. 10 of the Financial Statements.

Further Company has given loan of Rs 54.32 lacs during the year to Safess Quality Management Private Limited a wholly owned subsidiary and which has been fully repaid as per Section 186 of the Companies Act, 2013.

**17. Risk Management Policy**

The Company has been maintaining Risk Management register wherein each and every risk is identified. The risks that affect/may affect the organization are reviewed on periodical basis and approved by Head of Division or the concerned Directors of the Company.

**18. Policy for Prevention of Sexual Harassment**

The Company has been employing women employees in various cadres within its office and factory premises. The Company has in place a policy against Sexual Harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee has been set up to redress any complaints received. All employees are covered under the policy. There was no complaint received from any employee during the financial year 2022-23 and hence no complaint is outstanding as on 31st March, 2023 for redressal.

**19. Internal Financials Control Systems and their adequacy**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal and statutory auditors, and the reviews performed by the management, the Board is of the opinion, that the Company's internal financial controls were adequate and effective.

The Company has in place adequate internal financial controls with reference to financial

statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed. The Company's internal financial control systems are commensurate with the nature of its business, the size and complexity of its operations.

**20. Particulars of Contract and arrangement under Section 188**

No agreement was entered with related parties by the Company during the financial year. All the transactions/arrangements/contracts with related parties entered by the Company were in ordinary course of business and at arm's length basis.

**21. Significant and Material orders passed by the Regulators or courts.**

There are no significant and material orders passed by the regulators / courts that would impact the going concern status of the Company and its future operations.

**22. Company's policy relating to director's appointment, payment of remuneration and discharge of their duties.**

The provisions of Section 178 relating to constitution of Nomination and Remuneration Committee are not applicable to your Company and hence the Company has not documented any policy relating to matters as provided under Section 178 of the Companies Act, 2013.

**23. Subsidiary, Joint Ventures And Associate Companies**

The Company does not have any Joint Venture or Associate Companies. However below mentioned are the Subsidiary Companies of your Company, details of which are reflected in Form AOC-1 appended with the financial statements:

Sr. No.	Name of the Company	Subsidiary/ Joint Venture	% of stake
1.	Safess Quality Management Private Limited	Subsidiary	100%
2.	Arun Abhiyantey Private Limited	Subsidiary	100%

**24. Material changes affecting the financial position of the Company**

There are no material changes and commitments affecting the financial position of the Company, which have occurred after the end of the financial year of the Company i.e. March 31, 2023 and the date of this report.

**25. Particulars of Employees**

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read along with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to your Company as no employees were in receipt in remuneration above the limits specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**26. Corporate Social Responsibility (CSR)**

Your Company has adopted a CSR Policy, which was reviewed by the CSR Committee (comprising 3 Directors, Mr. Arun Sharma, Mr. Hrishikesh Joshi and Mr. Gautam Chatterjee). The Companies Act, 2013, requires the Company to spend in every financial

year, at least 2% of the average net profits of the company during the three immediately preceding financial years in pursuance of its CSR Policy.

Therefore, based on the definition of 'net profit' given in the Companies (CSR) Rules 2014, your company was required to expend an amount of Rs. 20.13 lakhs on CSR for the period ending 31st March 2023. On recommendation of the CSR committee and with the approval of the Board of Directors, the Company expended an amount of Rs. 20.99 lakhs towards provision of Infrastructure to Ashram Schools of Government of Maharashtra, which provide Education, including vocational training upto Std. X/XII, to students from the less privileged sections of Society.

The manner in which the amount was spent on CSR activities during the year is set out by way of Appendix 1 of this report.

The CSR Committee confirms that the implementation and monitoring of the CST policy, is in compliance with CSR objectives and policy of your company.

#### **27. Annual Return**

Pursuant to Section 134 (3) (a) and Section 92 (3) of the Companies Act, 2013, read with relevant Rules framed thereunder, the annual return of the Company is available on the website of the Company at [www.irclass.org](http://www.irclass.org).

#### **28. Directors' Responsibility Statement**

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

- a) In the preparation of accounts, the applicable accounting Standards have been followed.
- b) Accounting Standards selected were applied consistently. Where required, reasonable and prudent judgment and estimates were made so as to give a true and fair view of state of affairs of the Company as at 31st March, 2023 and of the excess of income over expenditure for the year ended on that date.
- c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts of the Company have been prepared on a going concern basis.
- e) Proper systems were devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

- 29.** No disclosures are required in respect of sub rule xi & xii of Rule 8(5) of The Companies (Accounts) Rules, 2014 read with Section 134(3)(q) as the same is not applicable to the Company during the financial year.

**30. Acknowledgements**

Your Directors place on record their gratitude to the various authorities and officials in the various Departments of the Union Government and Government of Maharashtra for their continued support. The Directors are grateful to Indian Navy, Port Trusts, ONGC and various other public and private sector companies for the confidence they continue to repose in ISSPL. Your Directors wish to record their sincere appreciation of the commitment and dedication shown by employees at all levels which has made the continued growth and progress of ISSPL possible.

**For and on behalf of the Board,**

Mumbai, 27 July 2023

**Vinay Kshirsagar**  
Director

**Arun Sharma**  
Chairman and Director

**CSR ANNUAL REPORT ON CSR ACTIVITIES**

**1. Brief outline on CSR Policy of the Company:**

In pursuance of these Objectives and keeping in mind its social responsibilities to its stakeholders and the society at large, as well as the environment in which it operates, the focus of ISSPL' CSR activities would be towards –

- Providing opportunities for and promoting in every possible way education (including education in the maritime field) of people, including children, women and differently abled persons.
- Protection and preservation of the environment and its sustainability, particularly in areas of its principal operations and activities.
- Eradicating hunger, poverty and malnutrition, promoting health care & sanitation and making available safe drinking water

**2. Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr Arun Sharma	Chairman	1	1
2	Mr. Hrishkesh Joshi	Director	1	1
3	Mr. Gautam Chatterjee	Director	1	1

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company- **No**

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub rule (3) of rule 8, if applicable **NA**

5. (a) Average net profit of the company as per section 135(5)      **INR 1,006.54 Lakhs**
- (b) Two percent of average net profit of the company as per section 135(5)      **INR 20.13 Lakhs**
- (c) Surplus arising out of the CSR projects or programmes or Activities of the previous financial years      **NIL**
- (d) Amount required to be set off for the financial year, if any      **INR 0.21 Lakhs**
- (e) Total CSR obligation for the financial year (5b+5c-5d)      **INR 19.92 Lakhs**
6. (a) Amount spent on CSR Projects (Both Ongoing Project and other than ongoing Project) – **INR 20.99 Lakhs**

**a) Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation- Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
NIL												

**a) Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)		
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.lakhs).	Mode of implementation- Direct (Yes/No).	Mode of implementation - Through implementing agency.		
				State.	District.			Name.	CSR registration number.	
1	Shri Gadge Maharaj Mission	Promoting education, including vocational training upto Std.X / XII, to students from the less privileged sections of society	Yes	Maharashtra	Satara	14.90	Yes	-	-	
2	ABM Samaj Prabodhan Sanstha		Yes	Maharashtra	Dhule	3.60	Yes	-	-	
3	Padmashri Annasaheb Jadhav Bhartiya Samaj Unnati Mandal		Yes	Maharashtra	Palghar	2.49	Yes	-	-	
<b>TOTAL</b>						<b>20.99</b>				
(b) Amount spent in Administrative overheads							NIL			
(c) Amount spent on Impact Assessment, if applicable							NIL			
(d) Total amount spent for the Financial Year (6b+6c+6e)							INR 20.99 Lakhs			

**(e) CSR amount spent or unspent for the financial year**

Amount Unspent (Rs. in Lakhs)					
Total Amount Spent for the Financial Year. (Rs in Lakhs)	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
20.99	NIL	NA	NA	NIL	NA

**(f) Excess amount for set off, if any**

Sl. No.	Particular	Amount (Rs. in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	20.13
(ii)	Total amount spent for the Financial Year	20.99
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.86
	Excess amount available for set off of preceding FY-2020-21 upto FY-2023-24	0.08
	Excess amount available for set off of preceding FY-2021-22 upto FY-2024-25	0.12
	<b>Total</b>	<b>1.06</b>
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.06

- 7 (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

Sl. No.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under section 135(6) (in Rs.)	Balance Amount in Unspent CSR Account under section 135(6) (in Rs.)	Amount spent in the Financial Year (in Rs.).	Amount transferred to a Fund as specified under Schedule VII as per section 135(5), if any.		Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of transfer.		
1	FY-1							
2	FY-2							
3	FY-3							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year. – **No**

If yes, enter the Number of capital Assets created / Acquired: **Not Applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Regd. address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per sub-section (5) of section 135 – **Not Applicable**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRCLASS SYSTEMS AND SOLUTIONS PRIVATE LIMITED**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of **IRCLASS Systems and Solutions Private Limited** (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2023, and the consolidated statement of Income and Expenditure and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, and the consolidated excess of income over expenditure, and consolidated cash flows of the Group for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit 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 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 (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act 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 and evidence obtained by other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### **Information Other than the Consolidated Financial Statements and Auditors' Report Thereon**

The Holding Company's Management and Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors' report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### **Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act (to the extent applicable) 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 the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Holding Company and its subsidiary companies, which are companies incorporated in India have adequate internal financial controls with reference to the consolidated financial statements 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 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 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 financial statements, including the disclosures, and whether the consolidated 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 financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Holding Company included in the consolidated financial statements of which we are the independent auditors. For the other companies (subsidiaries) included in the consolidated financial statements, which have been audited

by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

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

#### **Other Matters**

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs. 8,79,37,488 and net assets of Rs.5,83,88,695 as at 31 March 2023, total revenues of Rs. 7,47,25,145 and net cash inflow amounting to Rs.75,86,356 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 and sub-section (11) of Section 197 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements and other financial information of subsidiaries, as noted in the 'Other matters' paragraph, 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 financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Income and

Expenditure and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) As the subsidiaries of the Group incorporated in India are exempted from auditor's reporting on the adequacy of the internal financial control with reference to financial statements vide MCA notification dated 13th June 2017, refer to our separate report in Annexure B to the auditor's report on the standalone financials of the Holding Company for the purpose of reporting on the adequacy of the internal financial control with reference to financial statements of the Holding Company.
- (g) With respect to the other matters to be included in the Auditors' 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 and based on the consideration of the report of the other auditors on the financial statements and the other financial information of the subsidiaries, as noted in the 'Other Matters' paragraph:
  - i. There were no pending litigations which would impact the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India during the year ended 31 March 2023.
  - iv. (a) The management of Holding Company and its subsidiary companies incorporated in India has represented that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding

Company and its subsidiary companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company and its subsidiary companies incorporated in India (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The management of the Holding Company and its subsidiary companies incorporated in India has represented, that, to the best of its knowledge and belief, no funds have been received by these companies from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company and its subsidiary companies incorporated in India shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The dividend declared and paid by one of the subsidiary companies during the year is in accordance with section 123 of the Companies Act, 2013. The Holding Company and the other subsidiary company have not paid or declared any dividend during the year and accordingly reporting on compliance requirements of section 123 of the Companies Act, 2013 is not applicable in their cases.
  - vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Group only w.e.f. April 1, 2023, reporting under this clause is not applicable.
2. Since the Holding Company and its subsidiary companies incorporated in India are private limited companies, the provisions of Section 197 of the Companies Act, 2013 are not applicable to it. Accordingly, reporting on compliance with the provisions of Section 197 of the Act is not applicable.

3. With respect to the matters specified in Paragraph 3(xxi) and 4 of Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, there have been no qualifications or adverse remarks by the respective auditors in the CARO reports (to the extent applicable) of the companies included in the consolidated financial statements.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

Place of Signature: Mumbai  
Date: 27th July, 2023  
ICAI UDIN Ref. No : 23220369BGUYSMQ4757

**Ramanarayanan J**  
Partner  
Membership No. 220369

**Consolidated Balance Sheet as at 31st March, 2023**

Particulars		Note No.	As at	As at
			March 31, 2023	March 31, 2022
			Amount	Amount
<b>A</b>	<b>RESERVES AND LIABILITIES</b>			
<b>1</b>	<b>Reserves and surplus</b>	4	<b>7,868.72</b>	7,464.57
<b>2</b>	<b>Capital Reserve (On Consolidation)</b>		<b>0.66</b>	0.66
<b>3</b>	<b>Non Current Liabilities</b>			
	(a) Long Term Borrowings	5	<b>325.01</b>	50.05
	(b) Other Long term Liabilities		-	-
<b>4</b>	<b>Current liabilities</b>			
	(a) Short Term Borrowings	6	<b>922.33</b>	720.25
	(b) Trade payables			
	MSME (refer note 7)		-	-
	Others	7	<b>779.56</b>	725.84
	(c) Other current liabilities	8	<b>820.42</b>	593.07
	(d) Short Term Provisions		-	-
	<b>Total</b>		<b>10,716.70</b>	9,554.44
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment			
	(i) Tangible assets	9	<b>2,426.27</b>	2,014.28
	(ii) Intangible assets	9	<b>114.23</b>	146.22
	(iii) Intangible asset under development		-	-
	(b) Goodwill on consolidation		<b>1,234.76</b>	1,234.76
	(c) Non-Current Investments	10	<b>3.77</b>	3.77
	(d) Deferred Tax Asset (Net)	11	<b>115.50</b>	117.83
	(e) Long-term loans and advances	12	<b>1328.77</b>	980.33
<b>2</b>	<b>Current assets</b>			
	(a) Inventories		-	-
	(b) Current Investment		-	-
	(c) Trade receivables	13	<b>3,311.25</b>	3,449.40
	(d) Cash and bank balances	14	<b>701.88</b>	639.75
	(e) Short-term loans and advances	15	<b>1321.30</b>	815.92
	(f) Other current assets	16	<b>158.97</b>	152.18
	<b>Total</b>		<b>10,716.70</b>	9,554.44
	See accompanying notes forming part of the financial statements	1 to 32		

In terms of our report attached  
For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
FRN. 003990S/S200018

**For and on Behalf of the Board of Directors**

**Ramanarayanan J**  
Partner  
Membership No. 220369  
Mumbai  
Date : 27th July, 2023  
ICAI UDIN Ref. No: 23220369BGUYMQ4757

**Vinay Kshirsagar**  
Director  
Mumbai  
Date : 27th July, 2023

**Arun Sharma**  
Chairman and Director

**Consolidated Income And Expenditure for the year ended 31st March 2023**

Particulars	Note No.	For the year ended	For the year ended
		March 31, 2023	March 31, 2022
		Amount	Amount
<b>A Revenue From Operation [See Note 2 (E)]</b>			
Inspection and Certification Fees		11,818.66	10,575.95
Contracting Income		-	-
<b>B Other Income</b>	17	73.60	175.38
<b>C Total Revenue (A+B)</b>		11,892.26	10,751.33
<b>D Expenses:</b>			
(a) Employee benefits expense	18	5,687.70	5,037.30
(b) Cost of Material Consumed		97.56	196.70
(c) Changes in opening & closing balance of expenditure towards ongoing jobs		-	-
(d) Finance Cost	19	110.62	55.54
(e) Depreciation on tangible assets	9	204.85	100.02
(f) Amortisation of intangible assets	9	32.00	7.62
(g) Other expenses	20	5,168.50	4,287.03
<b>Total Expenses</b>		11,301.23	9,684.21
<b>E Excess of Income over Expenditure before Tax, Prior Period Items and Exceptional Item</b>		591.03	1,067.12
<b>F Exceptional Item</b>		-	-
<b>G Excess of Income over Expenditure Before Prior Period Items and Tax</b>		591.03	1,067.12
<b>H Prior Period Items</b>			
Prior Period Income		4.78	(6.99)
Prior Period Expenses		(0.66)	20.61
<b>I Excess of Income over Expenditure before Tax</b>		595.15	1,080.74
Less : Provision for Tax			
Current Tax:			
Current Year		176.32	303.23
Previous Year		12.35	25.46
Deferred Tax	11	2.33	(29.16)
<b>J Excess of Income Over Expenditure after Tax</b>		404.15	781.21
<b>K Excess of Income Over Expenditure transferred to Reserves &amp; Surplus</b>		404.15	781.21
See accompanying notes forming part of the financial statements	1 to 32		

In terms of our report attached  
For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
FRN. 003990S/S200018

For and on Behalf of the Board of Directors

**Ramanarayanan J**  
Partner  
Membership No. 220369  
Mumbai  
Date : 27th July, 2023  
ICAI UDIN Ref. No: 23220369BGUYMQ4757

**Vinay Kshirsagar**  
Director  
Mumbai  
Date : 27th July, 2023

**Arun Sharma**  
Chairman and Director

**Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023**

**1. Corporate Information**

IRCLASS Systems and Solutions Private Limited was incorporated on 11th March 2014 under the Indian Companies Act 1956. IRCLASS and its subsidiaries (“the Group”) provide Technical Inspection & Certification services all over the world against Technical Specification, QA Plan and National/International Standards.

**2. Significant Accounting Policies**

**A. Basis of Consolidation**

- i) The Consolidated financial statements relate to IRCLASS Systems and Solutions Private Ltd (“The Company” or “The Holding Company”) and its subsidiaries. The Company and its subsidiaries together constitute the “Group”. The consolidated financial statements have been prepared on the following basis:
  - a) The financial Statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra group transactions and unrealized profits or losses as per Accounting Standard 21 “Consolidated Financial Statements” as specified under section 133 of the Companies Act, 2013.
  - b) In the case of non integral foreign subsidiaries, revenue items are consolidated at the average exchange rate prevailing during the year. The opening balance in the Statement of Profit and Loss and the opening balance in Reserves and Surplus have been converted at the rates prevailing at the respective Balance Sheet dates. All asset and liabilities as at the year-end are converted at the rates prevailing as on that date. Any exchange difference arising on consolidation is shown under Foreign Currency Translation Reserve.
  - c) The financial statements of subsidiaries consolidated are drawn upto the same reporting date as that of the Company.
  - d) The excess of cost to the Group of its investment in the subsidiaries over the Group’s portion of equity as at the date of making the investment is recognized in the financial statement as “Goodwill on consolidation”.
  - e) The excess of the Group’s share in equity of each subsidiary over the cost of its acquisition at the date, on which the investment is made, is recognized as “Capital Reserve on Consolidation”.
- ii) The list of subsidiaries which are included in the consolidation with their respective country of incorporation and the Group’s holding therein is given below:

**Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023**

Particulars	As at March 31, 2023			As at March 31, 2022		
	Country of Incorporation	Held Directly by Parent or through its subsidiaries	Effective Holding	Country of Incorporation	Held Directly by Parent or through its subsidiaries	Effective Holding
<b>Domestic</b>						
Safess Quality Management Pvt Ltd	<b>India</b>	<b>100%</b>	<b>100%</b>	India	100%	100%
Arun Abhiyantey Pvt Ltd	<b>India</b>	<b>100%</b>	<b>100%</b>	India	100%	100%

**B. Basis of Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis and are in accordance with the recognition and measurement principles of Accounting Standards specified under Section 133 of the Indian Companies Act, 2013.

**C. Use of Estimates**

The preparation of financial statements requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**D. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost which includes purchase price, installation and other incidental cost to bring the assets to its present location and working condition for its intended use. Leasehold improvements are depreciated over the lease period of the underlying premises.

Goodwill on acquisition represents excess of the Purchase Consideration paid over and above the value of net assets taken over at the time of acquisition of business. This is amortized over a period of 5 years from the date of acquisition in accordance with Accounting Standard 14 on Accounting for Amalgamations.

Depreciation on property, plant and equipment is provided using the Straight Line method (SLM) over their useful life as follows:

Computer: 3 years

Equipment: 3 to 5 years

Furniture: 10 years

Vehicle: 5- 8 years

Depreciation is charged on pro rata basis for assets purchased/sold during the year.

**Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023**

**E. Revenue Recognition**

Fees for inspection of materials and components and for certification activities are recognized at the time of issuing the respective certificates.

Contract Services are recognized at the time of completion of the services.

**F. Investment Income**

Interest/Dividend Income on Investment is recognized on accrual basis when the right to receive the income is established.

**G. Foreign Currency Transactions**

Transactions in foreign currencies are recorded at exchange rate that approximates the actual rate at the date of transaction. In respect of monetary items denominated in foreign currencies, exchange rate differences arising out of settlement or on conversion at the closing rate are recognized in the Income and Expenditure Account.

**H. Employee Benefits**

Employee benefits comprise provident fund, gratuity, compensated absences and superannuation.

Provident fund is a defined contribution scheme and the Group has no further obligation beyond the contributions made to the recognized fund, which is separately administered.

The gratuity liability and compensated absences are independently determined by actuary based on the projected unit credit method as at the year end after considering discount rates, increase in compensation levels, etc. All actuarial gains/losses are immediately recognized in the Income and Expenditure account.

Also, eligible employees who have been confirmed in service are provided superannuation benefits through a policy with an insurance company with defined contributions made by the Group, which are charged to the Income and Expenditure account.

**I. Operating Lease**

Operating lease payments are recognized as an expense in the income and expenditure account over the lease term.

**J. Income Tax**

Income tax comprises current tax and deferred tax. Provision for current income tax is made on assessable income at the rate applicable to the relevant assessment year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted at the balance Sheet date.

**Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023**

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized. The carrying amounts of deferred tax assets/ liability are reviewed and adjusted at each Balance Sheet date.

**K. Corpus Fund**

Corpus fund received from Indian Register of Shipping is for the following purpose:

- a) **General Fund:** To invest the fund in capital infrastructure in terms of hardware and software and other capital expenses.
- b) **Specific Fund:** Acquisition of majority/entire stake in existing companies/ organizations for the activities related to Design House/Plan Approval/Oil and Gas Sector, Academic & Training Institutes, Software Development Company, utilization of funds for capital expenditure and for research and development in industries allied with maritime activities.

3. The Company is formed under section 12 of the Companies Act, 1956 (equivalent to section 3 of the Companies Act, 2013) having no share capital. The Company is prohibited from distributing its surplus to its members. Each ordinary member, while he is a member or within one year afterwards, undertakes to contribute an amount not exceeding rupees one thousand to the assets of the Company in the event of winding up. Any surplus upon winding up or dissolution of the Company shall be given or transferred to such other Company or Association having objects similar to the objects of the Company to be determined by the members of the Company at or before the time of dissolution or in default thereof, by the High Court of Judicature that has or may acquire jurisdiction in the matter.

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

#### 4. Reserves and Surplus

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>Corpus Fund from Indian Register of Shipping (IRS)</b> [Refer Note 2 (K)]		
<b>General Fund</b>		
Opening Balance	200.00	200.00
Add : Addition during the year	-	-
Less : Transfer to Capital Reserve	200.00	-
<b>Closing Balance</b>	-	200.00
<b>Specific Fund</b>		
Opening Balance	2,995.76	2,995.76
Add : Addition during the year	-	-
Less : Transfer to Capital Reserve	2,995.76	-
<b>Closing Balance</b>	-	2,995.76
<b>Total (Refer Foot Note Below)</b>	-	3,195.76
<b>Capital Reserve</b>		
Opening Balance	-	-
Add: Addition during the year (Refer foot note below)	3,195.76	-
<b>Closing Balance</b>	3,195.76	-
<b>Surplus in the Income and Expenditure account</b>		
Balance as per last balance sheet	4,268.81	3,522.71
Add: Surplus for the year	404.15	781.21
Less: Reduction due to loss of control of in “DCSPL in association with ISSPL (AOP)” – Refer Note 26	-	(35.11)
<b>Closing balance</b>	4,672.96	4,268.81
<b>Total</b>	7,868.72	7,464.57

**Foot Note:** Corpus Fund transferred to Capital Reserve on fulfillment of Fund objective (pursuant to Board Approval)

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

#### 5. Long Term Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Term Loan from HDFC Bank	<b>50.05</b>	90.10
Less: Amount Payable within next 12 months shown under Short term Borrowings (Secured by charge on the equipment acquired out of term loan carrying interest rate at 10% p.a. repayable over 60 installments, last installment due on 28th June 2024)	<b>(40.04)</b>	(40.05)
	<b>10.01</b>	50.05
Term Loan from HDFC Bank	<b>405.00</b>	-
Less: Amount Payable within next 12 months shown under Short term Borrowings (Secured by charge on the current assets, equipment acquired out of term loan and exclusive charge on lien of Fixed deposit amounting 186 carrying interest rate at 9.85% p.a. repayable over 60 installments of the Holding Company, last installment due on 28th September 2027)	<b>(90.00)</b>	-
	<b>315.00</b>	-
<b>Total</b>	<b>325.01</b>	50.05

#### 6. Short Term Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Cash Credit Facilities from HDFC Bank (Secured by charge against present and future receivables of the company and Lien of Fixed Deposit amounting to 186 Sanctioned Limit 1250 (Previous year 750) repayable on demand carrying annual Interest rate of 9.00% (Previous Year 9.10 %))	<b>792.28</b>	593.72
Current Portion of Long Term Borrowings	<b>130.04</b>	40.05
Cash Credit Facilities from HDFC Bank (Secured by charge against present and future receivables of the Holding company. Sanctioned Limit 200 repayable on demand carrying annual Interest rate of 9.25 % )	-	86.48
<b>Total</b>	<b>922.33</b>	720.25

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

**7. Trade payables - Others**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Trade payables - Others	<b>779.56</b>	725.84
<b>Total</b>	<b>779.56</b>	725.84

There are no amounts due to the micro and small suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. This information takes into account only those suppliers who have intimated in this regard.

**Trade Payables Ageing**

Particulars	As on 31st March, 2023						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2- 3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	<b>366.55</b>	<b>35.74</b>	<b>338.71</b>	<b>22.04</b>	<b>9.75</b>	<b>6.77</b>	<b>779.56</b>
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>366.55</b>	<b>35.74</b>	<b>338.71</b>	<b>22.04</b>	<b>9.75</b>	<b>6.77</b>	<b>779.56</b>

Particulars	As on 31st March, 2022						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2- 3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	328.50	57.88	189.40	13.48	128.04	8.54	725.84
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>328.50</b>	<b>57.88</b>	<b>189.40</b>	<b>13.48</b>	<b>128.04</b>	<b>8.54</b>	<b>725.84</b>

**8. Other Current Liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Security Deposits from Customers	<b>9.33</b>	9.33
Payable for statutory dues	<b>464.96</b>	374.60
Payable to Employees	<b>136.79</b>	76.95
Employees Related Fund Payable	<b>49.07</b>	45.86
Creditors for Capital Expenditure	<b>62.63</b>	22.97
Advance from customers	<b>87.21</b>	48.09
Other Payable	<b>10.43</b>	15.27
<b>Total</b>	<b>820.42</b>	593.07

# NOTES TO ACCOUNTS

(All amounts are in Rs. Lakhs unless specified otherwise)

## Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

### 9. Property, Plant and Equipment

Sr. No.	Particulars	Gross Block			Accumulated Depreciation			Net Block	
		Balance as at 1 April 2022	Additions during the year	Addition as per Acquisition of Business (*)	Disposal During the year	Balance as at 31 March 2023	Disposal During the year	Balance as at 31 March 2023	Balance as at 31 March 2022
<b>A</b>	<b>Tangible Assets</b>								
1	Land	1,180.77	-	-	-	1,180.77	-	1,180.77	1,180.77
2	Building	15.00	-	-	-	15.00	0.25	13.15	13.40
3	Plant and Equipment	909.45	505.50	-	0.08	1,414.87	123.94	1,038.14	656.58
4	Furniture and Fixtures	64.26	17.20	-	0.36	81.10	21.14	54.55	30.48
5	Computer System	234.57	94.14	-	1.45	327.26	50.52	200.69	82.95
6	Vehicle	16.41	-	-	-	16.41	2.05	2.17	16.29
7	Leasehold improvements	34.78	-	-	-	34.78	6.95	7.93	33.80
		<b>2,455.24</b>	<b>616.84</b>	-	<b>1.89</b>	<b>3,070.19</b>	<b>204.85</b>	<b>2,426.27</b>	<b>2,014.28</b>
<b>B</b>	<b>Intangible Asset</b>								
1	Goodwill (On Purchase of Business)	486.80	-	-	-	486.80	28.34	377.39	137.75
2	Software	18.30	-	-	-	18.30	3.66	13.48	8.47
		<b>505.10</b>	-	-	-	<b>505.10</b>	<b>32.00</b>	<b>390.87</b>	<b>146.22</b>
	<b>Total as on 31.03.2023</b>	<b>2,960.34</b>	<b>616.84</b>	-	<b>1.89</b>	<b>3,575.29</b>	<b>236.85</b>	<b>1,034.79</b>	<b>2,160.50</b>
	Total as on 31.03.2022	2,317.47	116.39	526.98	0.50	2,960.34	107.64	799.84	1,624.77

\* Refer Note 27 for Details

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

#### 10. Non-Current Investments (At cost)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>Investment in Non- Trade, Unquoted</b>		
Investment in Shares of Jankalyan Sahakari Bank (2668 nos of Shares Face Value of Rs 10 each) (Previous Year 2668 nos of shares)	<b>0.27</b>	0.27
Investment in PT IRCLASS Service Indonesia	<b>0.29</b>	0.29
Investment in Guangzhou Dazhong Certification	<b>3.21</b>	3.21
<b>Total</b>	<b>3.77</b>	3.77

#### 11. Deferred Tax Asset (Net)

Particulars	As at March 31, 2023	As At March 31, 2022	Credit/(Charge) for the year ended 31st March 2023
	Amount	Amount	Amount
<b>Deferred Tax Asset Due to</b>			
Difference in Depreciation	<b>27.17</b>	23.61	3.56
Loss on Sale of Property, Plant and Equipment	<b>0.96</b>	2.49	(1.53)
Provision for Doubtful Debts	<b>87.38</b>	90.46	(3.08)
Unrealised Foreign Exchange Loss	-	1.27	(1.27)
<b>Deferred Tax Liability Due to</b>			
Unrealised Foreign Exchange Gain	<b>(0.01)</b>	-	(0.01)
<b>Total</b>	<b>115.50</b>	117.83	(2.33)
Previous Year	<b>117.83</b>	88.67	29.16

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

**12. Long Term Loans and Advances (unsecured, considered good unless stated otherwise)**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Loans and advances to employees		
- Furniture loans	0.25	0.35
Security deposits	352.46	371.51
Prepaid expenses	0.15	0.75
Income tax recoverable (net of taxation)	975.91	607.72
<b>Total</b>	<b>1,328.77</b>	<b>980.33</b>

**13. Trade Receivables (unsecured, unless stated otherwise)**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	572.24	665.11
Considered doubtful	395.21	397.44
	<b>967.45</b>	<b>1,062.55</b>
Less: Provision for doubtful trade receivables (Refer footnote below)	<b>(395.21)</b>	<b>(397.44)</b>
	<b>572.24</b>	<b>665.11</b>
Outstanding for a period not exceeding six month from the date they are due for payment:		
Considered Good	2,739.01	2,784.29
Considered doubtful	-	-
	<b>2,739.01</b>	<b>2,784.29</b>
Less : Provision for doubtful trade Receivables	-	-
	<b>2,739.01</b>	<b>2,784.29</b>
<b>Total</b>	<b>3,311.25</b>	<b>3,449.40</b>

**Footnote: Provision for doubtful trade receivable**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>Opening Balance</b>	<b>397.44</b>	262.04
Additional Provision/ (Reversal) during the year	<b>(2.23)</b>	135.40
Bad debts Written off	-	-
<b>Closing Balance</b>	<b>395.21</b>	397.44

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

**13. Trade receivables (including unbilled revenue)**

Particulars	As on 31st March, 2023						
	Unbilled Revenue	Less than 6 months	6 months - 1 year	1- 2 years	2- 3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	154.91	2,739.01	290.03	184.84	26.09	71.28	3,466.16
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	6.50	40.99	24.09	276.90	348.48
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	46.70	46.70
<b>Total</b>	<b>154.91</b>	<b>2,739.01</b>	<b>296.53</b>	<b>225.83</b>	<b>50.18</b>	<b>394.88</b>	<b>3,861.34</b>

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

**13. Trade receivables (including unbilled revenue) (Contd.)**

Particulars	As on 31st March, 2022						Total
	Unbilled Dues	Less than 6 months	6 months - 1 year	1- 2 years	2- 3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	87.44	2,855.87	327.80	90.07	174.95	0.72	3,536.85
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	5.83	7.98	44.78	192.50	251.09
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	20.40	125.96	146.36
<b>Total</b>	<b>87.44</b>	<b>2,855.87</b>	<b>333.63</b>	<b>98.05</b>	<b>240.13</b>	<b>319.18</b>	<b>3,934.30</b>

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

#### 14. Cash and Bank Balances

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>Cash and cash equivalents</b>		
Cash on hand	1.04	1.31
<b>Balance with banks</b>		
- In current accounts	173.05	59.55
- In EEFC accounts	33.01	138.09
- In deposit accounts with banks with original maturity less than 3 Months	-	-
	<b>207.10</b>	198.95
<b>Other bank balances</b>		
- In deposit accounts with banks with original maturity of more than 3 months but not more than 12 months (Including deposits pledged with bank of 186 (Previous Year : 186) towards cash credit facilities) (Includes Fixed Deposit of 0.75 lien marked in favor of Statutory authorities) (Previous Year : 0.75)	494.78	440.80
<b>Total</b>	<b>701.88</b>	639.75

#### 15. Short Term Loans and Advances (unsecured, considered good unless stated otherwise)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>Loans and advances to employees</b>		
- Other Advances	44.97	10.09
Prepaid expenses	29.99	28.34
Advance paid to third parties	3.65	2.25
Advance to Creditors for expenses	43.60	46.75
Earnest money deposits	331.92	196.73
Other deposits	-	0.65
Surplus in Gratuity Fund (Refer Note 23 B)	165.78	39.13
Surplus in Leave Encashment Fund (Refer note 23 C)	136.53	79.77
Balances with government authorities	564.86	412.21
<b>Total</b>	<b>1,321.30</b>	815.92

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

#### 16. Other Current Assets

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Unbilled revenue	154.91	87.44
Expenditure incurred towards ongoing jobs	-	53.37
Interest accrued on deposits with banks	4.06	11.37
Other Receivable	-	-
<b>Total</b>	<b>158.97</b>	<b>152.18</b>

#### 17. Other Income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
<b>Interest from bank on :</b>		
- Deposits	24.02	22.85
Other Interest	4.31	1.20
Profit on termination of AOP	-	35.10
Interest on Income Tax Refund	19.80	73.39
Net gain from foreign currency translation / transactions	21.31	9.04
Miscellaneous Income	0.76	33.62
Bad debts written off of earlier years now recovered	1.00	-
Provision for doubtful debts	2.23	-
Gain on sale of fixed assets (net)	0.17	0.18
<b>Total</b>	<b>73.60</b>	<b>175.38</b>

#### 18. Employee Benefits Expense

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
Salaries and wages	4,945.34	4,262.78
Contribution to Provident Fund	253.67	250.09
Contribution to Superannuation Fund	40.10	43.39
Gratuity (Refer note 23 B)	46.19	95.39
Expenses for Compensated Absences	46.86	66.30
Contributions to ESIC	15.63	18.68
Contribution to GLWF	0.01	0.01
Contribution to MLWF	0.28	-
Staff welfare expenses	339.62	300.66
<b>Total</b>	<b>5,687.70</b>	<b>5,037.30</b>

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

## 19. Finance Cost

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
Interest Paid on Cash Credit Facility	85.63	45.57
Interest Paid on Term Loan	24.99	9.97
<b>Total</b>	<b>110.62</b>	<b>55.54</b>

## 20. Other Expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
Rent	204.39	104.87
Rates and taxes	59.30	36.00
Repairs and maintenance for:		
- Building	145.07	81.59
- Equipment	94.65	41.97
Printing and stationery	43.29	34.71
Communication expenses	39.91	39.03
Insurance	50.92	43.26
Motor car expenses	98.25	77.78
Travelling and conveyance	1,038.74	883.71
Software expenses and computer consumables	140.00	137.64
External training expenses	10.18	12.01
Quality assurance system - audit and other expenses	119.02	90.23
Provision for doubtful trade receivables	-	135.40
Technical and Professional Consultancy	1,971.68	1,588.94
Honorarium Fees for external experts	273.89	208.25
Electricity	67.82	44.43
Remuneration to statutory auditors (excludes tax):		
- Statutory Audit Fees	8.20	8.08
- Tax audit fees	0.80	0.80
- Reimbursement of expenses	-	0.10
Loss on sale of property, plant and equipment	-	-
Books and periodicals	4.70	6.42
Advertisement Expenses	58.48	28.97
Director Fees	1.50	1.50
Seminar and technical presentation expenses	2.93	1.91
Labour Charges and Site Expenses	284.51	343.69
Security/EMD Deposit written off	1.83	1.08
Bad Debts Written Off	95.73	72.53

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

**20. Other Expenses (Contd.)**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
(...Contd.)		
TDS Considered to be not recoverable written off	25.63	11.20
General administration and other expenses	172.64	128.56
Laboratory Expenses -Materials & consumables	133.45	105.81
CSR Expenditure (Refer note 30)	20.99	16.56
<b>Total</b>	<b>5,168.50</b>	4,287.03

**21. Related party disclosures:**

**(i) Name of related party and nature of related party relationship:**

**Key management personnel:**

- a) Mr. Arun Sharma, Chairman and Director IRCLASS Systems and Solutions Pvt Ltd
- b) Mr. Vinay Kshirsagar, Director
  1. IRCLASS Systems and Solutions Pvt Ltd
  2. Safess Quality Management Private Limited
  3. Arun Abhiyantey Private Limited
- c) Mr. Paulson Chakkunny, Director (Safess Quality Management Private Limited & Arun Abhiyantey Pvt. Ltd.)
- d) Mr. Kapildev Shinde, Director (Safess Quality Management Private Limited & Arun Abhiyantey Pvt. Ltd.)

**(ii) Transactions with related parties:**

Nature of Transaction	For the Year ended March 31, 2023	For the Year ended March 31, 2022
	Amount	Amount
Managerial Remuneration	Nil	Nil
Director Remuneration	Nil	Nil

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

## 22. Segment Reporting

Information about Primary Segment

The Group is primarily engaged in technical inspection & certification services

Particulars	Inspection & Certification		Others		Total	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Segment Revenue	<b>11,818.66</b>	10,575.95	-	-	<b>11,818.66</b>	10,575.95
<b>Total Revenue</b>	<b>11,818.66</b>	10,575.95	-	-	<b>11,818.66</b>	10,575.95
Segment Results	<b>512.65</b>	893.22	<b>(2.52)</b>	(1.49)	<b>510.13</b>	891.73
Add: Unallocated Income (Other than Interest)	-	-	-	-	<b>32.74</b>	77.94
Add: Unallocated Expenses (Share Issue Expenses)	-	-	-	-	-	-
Interest Income	-	-	-	-	<b>48.14</b>	97.45
<b>Surplus of Income Before Tax &amp; Exceptional Income</b>	<b>512.65</b>	893.22	<b>(2.52)</b>	(1.49)	<b>591.03</b>	1,067.12
Add : Prior Period Items	-	-	-	-	<b>4.12</b>	13.63
<b>Surplus of Income Before Tax</b>	<b>512.65</b>	893.22	<b>(2.52)</b>	(1.49)	<b>595.15</b>	1,080.74
Less : Provision for Tax	-	-	-	-	<b>191.00</b>	299.53
<b>Surplus of Income After Tax</b>	<b>512.65</b>	893.22	<b>(2.52)</b>	(1.49)	<b>404.15</b>	781.21
Segment Assets	<b>10,635.79</b>	9,421.64	<b>80.90</b>	132.80	<b>10,716.70</b>	9,554.44
Segment Liabilities	<b>2,839.02</b>	2,085.51	<b>8.29</b>	3.70	<b>2,847.32</b>	2,089.21
Depreciation	-	-	-	-	<b>204.85</b>	100.02
Significant Non Cash Expenditure Other than Depreciation	-	-	-	-	<b>155.18</b>	227.82
Capital Expenditure	-	-	-	-	<b>616.84</b>	643.37

### Information about Secondary Segments

As the Group operates only within India, secondary segment reporting is not applicable.

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

**23. Employee benefits:**

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
		Amount	Amount
<b>A)</b>	<b>Defined Contribution Plans</b>		
	Contribution to Defined Contribution Plan, recognized in the Income and Expenditure account under employee benefits expense in Note 18 are as under:		
	Contribution to Provident Fund	<b>253.67</b>	250.09
	Contribution for Superannuation	<b>40.10</b>	43.39
		<b>293.77</b>	293.48
<b>B)</b>	<b>Defined Benefit Plans</b>		
	Gratuity (Funded) – As per actuarial valuation as at the Balance sheet date		
<b>(i)</b>	<b>Reconciliation of opening and closing balances of defined benefit obligation</b>		
	Present value of defined benefit obligation as at the beginning of the year	<b>769.10</b>	655.20
	Interest cost	<b>55.48</b>	44.89
	Current service cost	<b>77.57</b>	67.21
	Past service cost	<b>13.87</b>	-
	Benefits paid	<b>(172.11)</b>	(26.16)
	Net actuarial (gain)/loss	<b>(68.88)</b>	27.96
	Present value of defined benefit obligation as at the end of the year	<b>675.03</b>	769.10
<b>(ii)</b>	<b>Reconciliation of fair value of plan assets</b>		
	Fair value of Plan Assets as at the beginning of the year	<b>808.23</b>	763.27
	Expected return on plan assets	<b>58.29</b>	52.30
	Asset Transferred in on acquisition	-	-
	Contribution made by Employer	<b>0.73</b>	0.29
	Net actuarial (loss)/gain	<b>(26.44)</b>	(7.63)
	Benefits paid	-	-
	Fair value of plan assets as at the end of the year	<b>840.81</b>	808.23
<b>(iii)</b>	<b>Net assets/(liabilities) recognised in the Balance Sheet</b>		
	Fair value of plan assets	<b>840.81</b>	808.23
	Present value of defined benefit obligation	<b>(675.03)</b>	(769.10)
	Net assets/ (liabilities) recognised in the Balance Sheet	<b>165.78</b>	39.13

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

**23. Employee benefits (Contd.)**

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
		Amount	Amount
<b>(iv)</b>	<b>Components of employer's expenses</b>		
	Interest cost	55.48	44.89
	Current service cost	77.57	67.22
	Past service cost	13.87	-
	Actuarial (gain)/ loss recognized	(42.42)	35.58
	Expected return on plan assets	(58.29)	(52.30)
	Asset Transferred on acquisition (Prior Period Adjustment)	-	-
	<b>Total expenses/(income) recognized in the Income and Expenditure account</b>	<b>46.19</b>	<b>95.39</b>
<b>(v)</b>	Actual return on plan assets	<b>31.85</b>	153.39
<b>(vi)</b>	Principal assumptions used in actuarial valuation	<b>Assured Lives</b>	Assured Lives
	Mortality table	<b>Mortality</b>	Mortality
		<b>(2006-08)</b>	(2006-08)
		<b>Ultimate</b>	Ultimate
	Discount rate	7.45%-7.50%	6.86%-7.00%
	Salary escalation rate	5.00%-7.50%	5.00%-7.50%
	Withdrawal rate	1%	1%
	For Service 4 years and below	5.00%	5.00%
	For Service 5 years and above	5.00%	5.00%
<b>(vii)</b>	Expected contribution for the next year Nil (Previous Year: 40.76)		
<b>(viii)</b>	The Group manages gratuity fund with insurance companies.		
<b>(ix)</b>	The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
	Debt	81.72%	82.59%
	Equity	18.28%	17.41%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023

**23. Employee benefits (Contd.)**

(x) Experience adjustment arising on :

Particulars	31st March 2023	31st March, 2022	31st March 2021	31st March 2020	31st March 2019
	Amount	Amount	Amount	Amount	Amount
1) Plan Liability (Gain)/Loss	(0.70)	1.52	0.39	54.27	(5.84)
2) Plan Asset (Gain)/Loss	(26.44)	(7.63)	(112.32)	7.05	6.81

**23C) Leave Encashment**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
Closing Liability/(Asset) Defined Benefit Obligation	(136.53)	(79.77)
Less : Opening Liability/(Asset) Defined Benefit Obligation	(79.77)	(59.85)
Movement in Leave Encashment	56.76	19.92

**24. Foreign currency exposures:**

The period-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amounts receivable in foreign currency:

Currency	As at March 31, 2023		As at March 31, 2022	
	FCY	Equivalent	FCY	Equivalent
USD	2,18,283	179.32	3,92,100	295.64
AED	2503	0.56	419	0.09
SLR	-	-	2,871	0.01
AUD	1,663	0.92	1,241	0.70
SGD	10	0.01	-	-
QAR	7,640	1.71	-	-
GBP	16	0.02	-	-
EUR	13,262	11.85	2,500	2.10
<b>Total</b>		<b>194.39</b>		<b>298.54</b>

Amounts payable in foreign currency: Nil (P Y Nil)

There are no derivatives held by the Group.

**Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023**

25. During the financial year 2015-16, the Holding Company had acquired the business of Geological Metallurgical Laboratories, a partnership firm, on 31st October 2015 whereby all the assets and liabilities were purchased at book value excluding Land & Building which was purchased at Market Value totaling to 1,595.77 including stamp duty and registration fees paid on property of 145.77) out of Corpus funds. The Holding Company has recognized goodwill of 345.09 being the excess of purchase consideration over the value of net asset acquired. As at March 31, 2023, the entire goodwill has been fully amortized in accordance with the accounting policy of the Group as disclosed in note 2D.
26. During the financial year 2016-17, the Holding Company had formed an Association of Persons (AOP) in collaboration with Dhruv Consultancy Services Private Limited for carrying out Detailed Project Report (DPR) related works for National Highway Authority of India (NHAI) and other similar State Government Agencies. As per clause C of AOP agreement, all assets, liabilities, income and expenditure are shared equally among the partners. Accordingly, ISSPL's Share of assets, liabilities, income and expenditure have been accounted proportionately line by line in Consolidated Financial Statements. From 31st May, 2021, ISSPL has terminated the Agreement with DCSPL association of ISSPL and accordingly accumulated surplus in the income & expenditure account as on that date of 35.11 has been derecognized and proportionate line by line consolidation of assets, liabilities, income and expenditure discontinued from that date.
27. During the financial year 2021-22, the Holding Company acquired a Division from CEG Test House and Research Centre(P) Limited for testing in the field of food and agriculture, drugs and pharmaceutical, water, environment monitoring and testing of Ayush and Herbal products on 09th February, 2022 whereby all the assets and liabilities were purchased at a lumpsum consideration of 600 (Six Hundred lakhs only) as a going concern on lumpsum basis. The Company has recognized goodwill of 141.71 being the excess of purchase consideration over the value of net asset acquired. As at March 31, 2023, goodwill has been amortized in accordance with the accounting policy of the Company as disclosed in note 2D

**28. Lease charges:**

The Holding Company has taken buildings on operating lease with lock-in period of 3 years. The total annual lease rent paid on the same amounting to 60.50 (P.Y. 8.48) is included under Rent forming part of other expenses.

**Obligations towards Minimum Lease payments**

Particulars	31st March 2023	31st March 2022
Not later than One year	<b>63.52</b>	60.50
Later than one year but not later than five years	<b>55.13</b>	118.65
Later than five years	-	-
<b>Total</b>	<b>118.65</b>	179.15

**Notes forming part of the consolidated financial statements as at and for the year ended 31<sup>st</sup> March 2023**

29. Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary / associates / joint ventures :

	March 31, 2023			
	Net assets, i.e total assets minus total liabilities		Share in profit or loss	
	As % of Consolidated net assets	Rs.	As % of Consolidated net profit or loss	Rs.
<b>Parent</b>				
IRCLASS Systems and Solutions Private Limited	96.26	7,574.30	113.99	460.69
<b>Subsidiaries</b>				
Safess Quality Management Pvt Ltd	1.77	138.92	(13.57)	(54.84)
Arun Abhiyantey Pvt Ltd	1.98	155.20	(0.42)	(1.70)
<b>Total</b>	<b>100.00</b>	<b>7,868.72</b>	<b>100.00</b>	<b>404.15</b>

**30. CSR Expenditure:**

- (a) Gross amount required to be spent by the Group during the year is **20.13** (P. Y. 16.43)
- (b) Amount spent during the year on:

CSR activities	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	20.99	-	20.99

**31. Contingent Liability: Nil** (Previous year Nil)

32. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to Notes 1 to 32

**For and on behalf of the Board**

Mumbai  
Date : 27th July, 2023

**Vinay Kshirsagar**  
Director

**Arun Sharma**  
Chairman and Director

**Consolidated Cash Flow Statement for the year ended 31st March, 2023**

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Amount	Amount	Amount	Amount
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Excess of income over expenditure before Tax, exceptional and prior period items		595.15		1,080.74
Adjustments for:				
Depreciation on tangible assets	204.85		100.02	
Amortisaion of goodwill on acquisition	28.34		3.96	
Amortisation of Software	3.66		3.66	
Lab. Exp-Materials & consumab. taken over on acquisition of business debited to I&E account	-		72.12	
Books and periodicals taken over on acquisition of business debited to I&E account	-		5.00	
Loss / (Gain) on sale / write off of fixed assets (net)	(0.17)		(0.18)	
Interest on FD with bank	(28.34)		(22.85)	
Interest on IT Refund	(19.80)		(73.39)	
Security/EMD Deposit w/off	1.83		1.08	
Net unrealised exchange (gain)/loss on foreign currency translations	(5.25)		(3.52)	
Effect of exchange differences on restatement of foreign currency	(4.79)		(2.79)	
Cash and cash equivalents				
Interest paid on cash credit	85.63		45.57	
Interest paid on Term Loan	24.99		9.97	
Provision for doubtful trade receivables (net)	(2.23)		135.40	
Bad debts written off of earlier years now recovered	(1.00)		-	
Bad Debts Written Off	95.73		72.53	
TDS not recoverable written off	25.63		11.20	
		<b>409.08</b>		<b>357.78</b>
<b>Operating surplus before working capital changes</b>		<b>1,004.23</b>		<b>1,438.52</b>
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	50.88		(644.71)	
Short-term loans and advances	(507.22)		(108.25)	
Long-term loans and advances	19.76		(101.01)	
Other Current assets	(14.10)		(9.25)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	53.72		43.91	
Other current liabilities	187.68		50.86	
Short Term Provisions	-		-	
		<b>(209.28)</b>		<b>(768.45)</b>
Cash generated from operations		<b>794.95</b>		<b>670.07</b>
Direct taxes paid (Tax deducted at source)		<b>(562.67)</b>		<b>100.41</b>
<b>Net cash from operating activities (A)</b>		<b>232.28</b>		<b>770.48</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant & equipment (including capital advances)	(577.00)		(116.20)	
Proceeds from sale of property, plant and equipment	-		-	
Consideration paid for Acquisition of Business	-		(600.00)	
Bank balances not considered as cash and cash equivalents				
- Placed	(494.78)		(440.80)	
- Matured	440.79		492.47	
Interest received	35.64		17.60	
<b>Net cash from / (used) in investing activities (B)</b>		<b>(595.35)</b>		<b>(646.93)</b>

**Consolidated Cash Flow Statement for the year ended 31st March, 2023**

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Amount	Amount	Amount	Amount
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest paid on Cash Credit	(85.62)		(45.57)	
Interest paid on Term Loan	(24.99)		(9.97)	
Credit Facility from Bank (Net)	112.08		-	
Term Loan from HDFC Bank	450.00		15.66	
Term Loan installment repaid to HDFC Bank	(85.05)		(40.04)	
		<b>366.42</b>		(79.92)
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>3.35</b>		88.91
Cash and cash equivalents at the beginning of the year		<b>198.96</b>		107.26
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		<b>4.79</b>		2.79
<b>Cash and cash equivalents at the end of the year *</b>		<b>207.10</b>		198.96
* Comprises:				
(a) Cash on hand	1.04		1.31	
(b) Balances with banks				
(i) In current accounts	173.05		59.56	
(ii) In EEFC accounts	33.01		138.09	
<b>Total</b>		<b>207.10</b>		198.96

**Note:**

Figures in brackets are outflows / deductions

In terms of our report attached  
For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
FRN. 003990S/S200018

**For and on Behalf of the Board of Directors**

**Ramanarayanan J**  
Partner  
Membership No. 220369  
Mumbai  
Date : 27th July, 2023  
ICAI UDIN Ref. No: 23220369BGUYMQ4757

**Vinay Kshirsagar**  
Director  
Mumbai  
Date : 27th July, 2023

**Arun Sharma**  
Chairman and Director

# FORM AOC - I

(All amounts are in Rs. Lakhs unless specified otherwise)

## Form AOC - I

(Pursuant to first proviso to sub-section (3) of the section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 )  
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

### Part "A": Subsidiaries

Sr. No.	Name of the Subsidiary Company	Reporting Period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	Effective Shareholding (%)
1	Safess Quality Management Pvt Ltd	01-04-22 to 31-03-23	INR	4.20	451.94	743.34	287.20	0.00	724.06	(70.73)	(3.90)	(74.63)	-	100.00
2	Arun.Abhiyanthey Pvt Ltd	01-04-22 to 31-03-23	INR	1.00	126.75	136.04	8.29	0.00	0.00	5.03	(0.49)	5.52	50.00	100.00

Notes:

- Name of subsidiary which is yet to commence operations - Nil
- Name of subsidiary which has been sold / disposed off during the year - Nil

In terms of our report attached.

Chartered Accountants

Firm Registration No: 003990S/S200018

**Ramanarayanan J**

Membership No.220369

Place : Mumbai

Date : 27th July, 2023

ICAI UDIN Ref. No. : 23220369BGUYMQ4757

**Vinay Kshirsagar**

Director

Place : Mumbai

Date : 27th July, 2023

**For and on behalf of the Board of Directors**

**Arun Sharma**

Chairman and Director

**Part "B": Associated and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Notes:

1. Names of associates and joint ventures which are yet to commence operations - NIL
2. Names of associates and joint ventures which have been liquidated or sold during the year - Nil

In terms of our report attached.  
Chartered Accountants  
Firm Registration No: 003990S/S200018

**For and on behalf of the Board of Directors**

**Ramanarayanan J**  
Membership No.220369  
Place : Mumbai  
Date : 27th July, 2023  
ICAI UDIN Ref. No. : 23220369BGUYMQ4757

**Vinay Kshirsagar**  
Director  
Place : Mumbai  
Date : 27th July, 2023

**Arun Sharma**  
Chairman and Director

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRCLASS SYSTEMS AND SOLUTIONS PRIVATE LIMITED**

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the standalone financial statements of IRCLASS Systems and Solutions Private Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of Income and Expenditure and standalone 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.

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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and excess of income over expenditure and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act 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.

#### **Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors' report but does not include the standalone financial statements and our auditors' 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 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.

#### **Responsibilities of the Management and Those Charged with Governance for Standalone Financial Statements**

The Company's management and Board of Directors are 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (AS) prescribed under section 133 of the Act. 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 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 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.

#### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the standalone financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

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

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 (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in clause 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 Standalone Balance Sheet, the Standalone Statement of Income and Expenditure and the Standalone Statement of Cash Flows 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 Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to the standalone financial statements 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 Auditors' 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 as at 31 March 2023 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 which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023.

- iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (b) The management has represented that to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. As the Company is incorporated as private company limited by guarantee without share capital, no dividend can be declared. Accordingly, reporting on compliance requirements of section 123 of the Companies Act, 2013 is not applicable.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.
3. Since the Company is a private limited company, the provisions of Section 197 of the Companies Act, 2013 are not applicable to it. Accordingly, reporting on compliance with the provisions of Section 197 of the Act is not applicable.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm’s Registration No.003990S/S200018

Place of Signature: Mumbai  
Date: 27th July, 2023  
ICAI UDIN Ref. No: 23220369BGUYMP3482

**Ramanarayanan J**  
Partner  
Membership No. 220369

**Annexure A**

**Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of IRCLASS Systems and Solutions Private Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2023.**

- (i) In respect of the Company's property, plant and equipment:
- (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The Company has a regular programme of physical verification of its property, plant and equipment every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, property, plant and equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, the records examined by us, we report that, the title deeds, comprising all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements, are held in the name of the Company as at Balance Sheet date.
  - (d) The Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year and hence clause 3(i)(d) of the Order is not applicable to the Company.
  - (e) Based on our audit procedures and according to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company does not maintain any inventory in its books. Hence clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) Based on our audit procedures & according to the information and explanation given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. The insignificant differences noticed between the quarterly return of net current assets submitted to bank and the books of account, did not affect the drawing power and the required security cover computed in accordance with the sanctioned terms.

(iii) Based on our audit procedures and according to the information and explanations given to us, during the year the Company has not made any investments in companies, firms, Limited Liability Partnerships or any other parties. During the year, the Company has provided guarantees and advances in the nature of loans to companies, in respect of which the requisite information is as below:

(a) Based on our audit procedures and according to the information and explanations given to us, the Company has provided advances in the nature of loans and stood guarantee to companies.

(A) The aggregate amount of advances in the nature of loans given during the year, and balance outstanding at the balance sheet date with respect to such advances in nature of loan and guarantees to subsidiaries are given below:-

(Rs. in lakhs)

Particulars	Guarantees	Security	Loans	Advances in nature of loans
<b>Aggregate Amount granted/ provided during the year</b>				
- Subsidiaries	NIL	NIL	NIL	54.32
- Joint Ventures	NIL	NIL	NIL	NIL
- Associates	NIL	NIL	NIL	NIL
- Others	NIL	NIL	NIL	NIL
<b>Balance outstanding as at balance sheet date in respect of above cases</b>				
- Subsidiaries	400.00	NIL	NIL	100.01
- Joint Ventures	NIL	NIL	NIL	NIL
- Associates	NIL	NIL	NIL	NIL
- Others	NIL	NIL	NIL	NIL

(B) The Company has not provided any guarantee, security, loans and advances in the nature of loans during the year to parties other than subsidiaries.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion, that the terms and conditions of such guarantees and advances in the nature of loans, given during the year are, prima facie, not prejudicial to the Company's interest.

(c) Based on our audit procedures and according to the information and explanation given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and as the repayments are not yet due, reporting on regularity of repayments/receipts is not applicable for the year.

(d) There are no amounts overdue for more than ninety days as at the balance sheet date. Accordingly reporting on clause 3(iii)(d) of the Order is not applicable.

- (e) Based on our audit procedures and according to the information and explanation given to us, as no loan or advance in the nature of loan granted has fallen due during the year, reporting on clause 3(iii)(e) of the Order is not applicable.
- (f) Based on our audit procedures and according to the information and explanation given to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment and hence the question of aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause 76 of section 2 of the Companies Act, 2013 does not arise. Accordingly, clause 3(iii)(f) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 186 of the Act in respect of grant of loans, making investments and providing guarantees, and securities, as applicable. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013.
- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.
- (vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, Goods and Services Tax (GST), cess and any other statutory dues as applicable with the appropriate authorities.  

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, Goods and Services Tax (GST), cess and any other statutory dues were in arrears, as at 31 March 2023 for a period of more than six months from the date they became payable.
- (b) There are no dues relating to income tax / sales tax / service tax / duty of customs / duty of excise / value added tax, Goods and Services Tax (GST) which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, clause 3(viii) of the order is not applicable to the Company.

- (ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government or dues to debenture holders.
- (b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, clause 3(ix)(b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us and the records of the Company examined by us, term loans taken by the Company were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short- term basis have, prima facie, have not been used during the year for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans on the pledge of securities held in its subsidiary during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.

- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) The Whistle Blower mechanism is not applicable to the Company as on Balance sheet date. Hence reporting under this clause is not required.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of the Internal Auditors for the period under audit.
- (xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) (a) Based on our audit procedures and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), of the Order is not applicable.
- (b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on our audit procedures and according to the information and explanations given to us, none of the group companies are Core Investment Company (CIC) and hence the question of number of CICs which are part of the Group does not arise. Accordingly, clause 3(xvi)(d) of the Order is not applicable to the Company.

- (xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) Based on our audit procedures and according to the information and explanations given to us, there are no amounts remaining unspent with respect to Corporate Social Responsibility expenditure required to be spent for the year under section 135 of the Companies Act. Accordingly, clause 3(xx) of the Order is not applicable to the Company.

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

Place of Signature: Mumbai  
Date: 27th July, 2023  
ICAI UDIN Ref. No : 23220369BGUYMP3482

**Ramanarayanan J**  
Partner  
Membership No. 220369

**Annexure B**

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

**Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls with reference to standalone financial statements of IRCLASS Systems and Solutions Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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 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 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements 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 internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to standalone financial statements**

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has maintained, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm's Registration No.003990S/S200018

Place of Signature: Mumbai  
Date: 27th July, 2023  
ICAI UDIN Ref. No : 23220369BGUYMP3482

**Ramanarayanan J**  
Partner  
Membership No. 220369

**Standalone Balance Sheet as at 31st March, 2023**

Particulars		Note No.	As at	As at
			March 31, 2023	March 31, 2022
			Amount	Amount
<b>A</b>	<b>RESERVES AND LIABILITIES</b>			
<b>1</b>	<b>Reserves and Surplus</b>	4	<b>7,650.73</b>	7,127.47
<b>2</b>	<b>Non Current Liabilities</b>			
	(a) Long Term Borrowings	5	<b>325.01</b>	50.05
	(b) Other Long Term Liabilities		-	-
<b>3</b>	<b>Current liabilities</b>			
	(a) Short Term Borrowings	6	<b>861.17</b>	633.77
	(b) Trade Payables		-	-
	Micro and Small Enterprises			
	Others	7	<b>731.59</b>	528.45
	(c) Other Current Liabilities	8	<b>789.57</b>	536.53
	<b>Total</b>		<b>10,358.07</b>	8,876.27
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment			
	(i) Tangible assets	9	<b>2,346.70</b>	1,928.55
	(ii) Intangible assets		<b>114.23</b>	146.22
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-Current Investments	10	<b>1,603.50</b>	1,603.50
	(c) Deferred Tax Asset (Net)	11	<b>110.22</b>	112.08
	(d) Long-term loans and advances	12	<b>1,185.19</b>	796.81
	(e) Other Non-Current Assets		-	-
<b>2</b>	<b>Current assets</b>			
	(a) Current Investments		-	-
	(b) Trade receivables	13	<b>3,087.83</b>	2,960.26
	(c) Cash and bank balances	14	<b>519.76</b>	515.20
	(d) Short-term loans and advances	15	<b>1,233.04</b>	724.54
	(e) Other current assets	16	<b>157.60</b>	89.11
	<b>Total</b>		<b>10,358.07</b>	8,876.27
	See accompanying notes forming part of the financial statements	1 to 33		

In terms of our report attached  
For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
FRN. 003990S/S200018

**For and on Behalf of the Board of Directors**

**Ramanarayanan J**  
Partner  
Membership No. 220369  
Mumbai  
Date : 27th July, 2023  
ICAI UDIN Ref. No: 23220369BGUYMP3482

**Vinay Kshirsagar**  
Director  
Mumbai  
Date : 27th July, 2023

**Arun Sharma**  
Chairman and Director

**Standalone Statement of Income And Expenditure for the year ended 31st March 2023**

Particulars		Note No.	Year ended	Year ended
			March 31, 2023	March 31, 2022
			Amount	Amount
<b>A</b>	<b>Inspection and Certification Services</b>		<b>11,094.60</b>	9,621.03
<b>B</b>	<b>Other Income</b>	16	<b>127.50</b>	143.03
<b>C</b>	<b>Total Revenue (A+B)</b>		<b>11,222.10</b>	9,764.06
<b>D</b>	<b>Expenses:</b>			
	(a) Employee benefits expense	17	<b>5,494.09</b>	4,801.30
	(b) Finance Cost	18	<b>104.48</b>	47.81
	(c) Depreciation	8	<b>191.98</b>	83.63
	(d) Amortisation of Intangible assets	8	<b>32.00</b>	7.62
	(e) Other expenses	19	<b>4,692.82</b>	3,713.01
	<b>Total Expenses</b>		<b>10,515.37</b>	8,653.37
<b>E</b>	<b>Excess of Income over Expenditure before Tax, Exceptional items and prior period</b>		<b>706.73</b>	1,110.69
<b>F</b>	<b>Prior Period Items</b>			
	Prior Period Income		<b>4.80</b>	(6.97)
	Prior Period Expenses		<b>(1.17)</b>	(4.94)
<b>G</b>	<b>Excess of Income Over Expenditure before Tax</b>		<b>710.36</b>	1,098.78
<b>H</b>	<b>Less : Provision for Tax</b>			
	a) Current Tax			
	Current Year		<b>176.32</b>	302.60
	Previous periods		<b>8.92</b>	25.47
	b) Deferred Tax	11	<b>1.86</b>	(27.74)
<b>I</b>	<b>Excess of Income Over Expenditure after Tax</b>		<b>523.26</b>	798.45
<b>J</b>	<b>Excess of Income over Expenditure Transferred to Reserves &amp; Surplus</b>		<b>523.26</b>	798.45
	See accompanying notes forming part of the financial statements	1 to 33		

In terms of our report attached  
For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
FRN. 003990S/S200018

**For and on Behalf of the Board of Directors**

**Ramanarayanan J**  
Partner  
Membership No. 220369  
Mumbai  
Date : 27th July, 2023  
ICAI UDIN Ref. No: 23220369BGUYMP3482

**Vinay Kshirsagar**  
Director  
**Arun Sharma**  
Chairman and Director  
Mumbai  
Date : 27th July, 2023

**Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023**

**1. Corporate Information**

IRCLASS Systems and Solutions Private Limited was incorporated on 11th March 2014 for providing services related to Land Based Inspection services and Quality Certification. IRCLASS provides Technical Inspection & Certification services all over the world against Technical Specification, QA Plan and National/International Standards.

**2. Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 2013 and comply with the Accounting Standards notified under the Companies (Accounts) Rules, 2014.

**B. Use of Estimates**

The preparation of financial statements requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**C. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost which includes purchase price, installation and other incidental cost to bring the assets to its present location and working condition for its intended use.

Depreciation on property, plant and equipment is provided using the Straight-Line method (SLM) over their useful life as prescribed under Schedule II of the Companies Act 2013. Depreciation is charged on pro rata basis for assets purchased/sold during the year. Leasehold improvements are depreciated over the lease period of the underlying premises.

**D. Goodwill on acquisition**

Goodwill on acquisition represents excess of the Purchase Consideration paid over and above the value of net asset taken over at the time of acquisition of business. This is amortized over a period of 5 years from the date of acquisition in accordance with Accounting Standard 14 on Accounting for Amalgamations.

**E. Inspection and Certification Fees**

Fees for inspection of materials and components and for certification activities are recognized at the time of issuing the respective certificates.

**Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023**

**F. Investment Income**

Interest/Dividend Income on Investment is recognized on accrual basis when the right to receive the income is established.

**G. Investments**

- i) Non-current investments are stated at the cost of acquisition. A provision for diminution, if any, is made to recognize a decline, other than temporary, in the value of non-current investments.
- ii) Short-term investments are valued at lower of cost and fair value.

**H. Foreign Currency Transactions**

Transactions in foreign currencies are recorded at exchange rate that approximates the actual rate at the date of transaction. In respect of monetary items denominated in foreign currencies, exchange rate differences arising out of settlement or on conversion at the closing rate are recognized in the Income and Expenditure Account.

**I. Employee Benefits**

Employee benefits comprise provident fund, gratuity, compensated absences and superannuation.

Provident fund is a defined contribution scheme and the Company has no further obligation beyond the contributions made to the recognized fund, which is separately administered.

The gratuity liability and compensated absences are independently determined by actuary based on the projected unit credit method as at the year-end after considering discount rates, increase in compensation levels, etc. All actuarial gains/losses are immediately recognized in the Income and Expenditure account.

Also, eligible employees who have been confirmed in service are provided superannuation benefits through a policy with HDFC Life Insurance Company Ltd with defined contributions made by the Company, which are charged to the Income and Expenditure account.

**J. Operating Lease**

Operating lease payments are recognized as an expense in the income and expenditure account over the lease term.

## Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

**K. Income Tax**

Income tax comprises current tax and deferred tax. Provision for current income tax is made on assessable income at the rate applicable to the relevant assessment year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted at the balance Sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized. The carrying amounts of deferred tax assets/ liability are reviewed and adjusted at each Balance Sheet date.

**L. Corpus Fund**

Corpus fund received from Indian Register of Shipping is for the following purpose:

- a) **General Fund:** To invest the fund in capital infrastructure in terms of hardware and software and other capital expenses.
- b) **Specific Fund:** Acquisition of majority/entire stake in existing companies/ organizations for the activities related to Design House/Plan Approval/Oil and Gas Sector, Academic & Training Institutes, Software Development Company, utilization of funds for capital expenditure and for research and development in industries allied with maritime activities.

3. The Company is formed under section 12 of the Companies Act, 1956 (equivalent to section 3 of the Companies Act, 2013) having no share capital. The Company is prohibited from distributing its surplus to its members. Each ordinary member, while he is a member or within one year afterwards, undertakes to contribute an amount not exceeding rupees one thousand to the assets of the Company in the event of winding up. Any surplus upon winding up or dissolution of the Company shall be given or transferred to such other Company or Association having objects similar to the objects of the Company to be determined by the members of the Company at or before the time of dissolution or in default thereof, by the High Court of Judicature that has or may acquire jurisdiction in the matter.

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

**4. Reserves and Surplus**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>Corpus Fund from Indian Register of Shipping (IRS)</b> [Refer Note 2 (L)]		
<b>General Fund</b>		
Opening Balance	200.00	200.00
Add : Addition during the year	-	-
Less : Transfer to Capital Reserve	200.00	-
<b>Closing Balance</b>	-	200.00
<b>Specific Fund</b>		
Opening Balance	2,995.76	2,995.76
Add : Addition during the year	-	-
Less : Transfer to Capital Reserve	2,995.76	-
<b>Closing Balance</b>	-	2,995.76
<b>Total (Refer Foot Note Below)</b>	-	3,195.76
<b>Capital Reserve</b>		
Opening Balance	-	-
Add: Addition during the year (Refer foot note below)	3,195.76	-
<b>Closing Balance</b>	3,195.76	-
<b>Surplus in the Income and Expenditure account</b>		
Balance as per last balance sheet	3,931.71	3,133.26
Add: Surplus for the year	523.26	798.45
Less: Appropriations		
Transfer to contingency reserve	-	-
Transfer to research and development reserve	-	-
<b>Closing Balance</b>	4,454.97	3,931.71
<b>Total</b>	<b>7,650.73</b>	<b>7,127.47</b>

**Foot Note:** Corpus Fund transfer to Capital Reserve on fulfillment of Fund objective (pursuant to Board Approval)

**Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023**

**5. Long Term Borrowings**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Term loan from HDFC Bank	<b>50.05</b>	90.10
Less: Amount Payable within next 12 months shown under Short term Borrowings	<b>(40.04)</b>	(40.05)
(Secured by charge on the equipment acquired out of term loan carrying interest rate at 10% p.a. repayable over 60 installments, last installment due on 28th June 2024)		
	<b>10.01</b>	50.05
Term Loan from HDFC Bank	<b>405.00</b>	-
Less: Amount Payable within next 12 months shown under Short term Borrowings	<b>(90.00)</b>	-
(Secured by charge on the current assets, equipment acquired out of term loan and exclusive charge on Lien of Fixed Deposit amounting 186 carrying interest rate at 9.85% p.a. repayable over 60 installments, last installment due on 28th September 2027)		
	<b>315.00</b>	-
<b>Total</b>	<b>325.01</b>	50.05

**6. Short Term Borrowings**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Cash Credit Facilities from HDFC Bank	<b>731.13</b>	593.72
(Secured by charge against present and future receivables of the company and Lien of Fixed Deposit amounting to 186; Sanctioned Limit 1250 (Previous Year 750) repayable on demand carrying Interest rate of 9.00 % (Previous Year 9.10%))		
Current Portion of Long - Term Borrowings	<b>130.04</b>	40.05
<b>Total</b>	<b>861.17</b>	633.77

**Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023**

**7. Trade payables - Others**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Trade payables - Others	731.59	528.45
<b>Total</b>	<b>731.59</b>	<b>528.45</b>

There are no amounts due to the micro and small suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. This information takes into account only those suppliers who have intimated in this regard.

**Trade Payables Ageing**

Particulars	As on 31st March, 2023					
	Unbilled	Less than 1 year	1-2 years	2- 3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	366.55	334.20	16.79	7.28	6.77	731.59
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>366.55</b>	<b>334.20</b>	<b>16.79</b>	<b>7.28</b>	<b>6.77</b>	<b>731.59</b>

Particulars	As on 31st March, 2022					
	Unbilled	Less than 1 year	1-2 years	2- 3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	328.50	176.50	8.88	6.03	8.54	528.45
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>328.50</b>	<b>176.50</b>	<b>8.88</b>	<b>6.03</b>	<b>8.54</b>	<b>528.45</b>

**8. Other current liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Creditors for capital expenditures	62.63	22.88
Payable to Related parties	5.00	-
Security Deposit from Customers	9.33	9.33
Payable for statutory dues	443.55	350.29
Payable to Employees	133.38	62.43
Employees Related Fund Payable	48.47	43.51
Advance from customers	87.21	48.09
<b>Total</b>	<b>789.57</b>	<b>536.53</b>

# NOTES TO ACCOUNTS

(All amounts are in Rs. Lakhs unless specified otherwise)

## Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

### 9. Property, Plant and Equipment

Sr. No.	Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block		
		Balance as at 1 April 2022	Addition during the year	Addition as per Acquisition of Business (*)	Disposal	Balance as at 31 March 2023	Charge for the year	On disposals	Balance as at 31 March 2023	Balance as at 31 March 2022
<b>A</b>	<b>Tangible Assets</b>									
1	Land	1,180.77	-	-	-	1,180.77	-	-	1,180.77	1,180.77
2	Building	15.00	-	-	-	15.00	0.25	-	13.15	13.40
3	Plant and Equipment	751.78	499.35	-	0.08	1,251.05	112.16	0.08	289.96	573.90
4	Furniture and Fixtures	63.94	17.20	-	0.36	80.78	21.14	0.36	54.23	30.49
5	Computer System	221.59	93.57	-	1.45	313.71	49.43	1.44	189.68	79.90
6	Vehicle	16.41	-	-	-	16.41	2.05	-	2.17	16.29
7	Lease hold improvements	34.78	-	-	-	34.78	6.95	-	7.92	33.80
		<b>2,284.27</b>	<b>610.12</b>	-	<b>1.89</b>	<b>2,892.50</b>	<b>191.98</b>	<b>1.88</b>	<b>545.81</b>	<b>1,928.55</b>
<b>B</b>	<b>Intangible Asset</b>									
1	Goodwill (On Purchase of Business)	486.81	-	-	-	486.81	28	-	377.40	137.75
2	Software	18.30	-	-	-	18.30	3.66	-	13.48	8.47
		505.11	-	-	-	505.11	32.00	-	390.88	146.22
		<b>2,789.38</b>	<b>610.12</b>	-	<b>1.89</b>	<b>3,397.61</b>	<b>223.99</b>	<b>1.88</b>	<b>936.69</b>	<b>2,074.77</b>
	Total as on 31.03.2022	2,155.80	107.10	526.97	0.50	2,789.38	91.25	0.49	2,074.77	1,531.95

Refer Note 27 & 28 of the Standalone Financial Statement

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

#### 10. Non-Current Investment (At cost)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>a. Investment in Wholly Owned Subsidiary Companies – Trade, Unquoted</b>		
Investment in Safess Quality Management Pvt Ltd (*) (42,000nos (P Y : 42,000) of Shares Face Value of Rs 10each)	<b>1,590.22</b>	1,590.22
Investment in Arun Abhiyantey Private Limited (*) (10,000 nos (P Y : 10,000) of Shares Face Value of Rs 10 each)	<b>9.78</b>	9.78
<b>b. Investment in Other Companies – Trade, Unquoted</b>		
Investment in PT IRCLASS Service Indonesia	<b>0.29</b>	0.29
Investment in Guangzhou Dazhong Certification	<b>3.21</b>	3.21
<b>Total</b>	<b>1,603.50</b>	1,603.50

**Note:**

\* Investment made out of corpus fund received from IRS

#### 11. Deferred Tax Asset (Net)

Particulars	As at March 31, 2023	As at March 31, 2022	Movement for the year ended 31st March, 2023
	Amount	Amount	Amount
<b>Deferred Tax Asset Due to</b>			
Difference in Depreciation	<b>21.89</b>	21.87	0.02
Provision for Doubtful Debts	<b>87.38</b>	87.94	(0.56)
Profit/Loss on sale of fixed asset	<b>0.96</b>	1.00	(0.04)
Unrealised Foreign Exchange loss	-	1.27	(1.27)
<b>Deferred Tax Liability Due to</b>			
Unrealised Foreign Exchange Gain	<b>(0.01)</b>	-	(0.01)
<b>Total</b>	<b>110.22</b>	112.08	(1.86)
Previous Year	<b>112.08</b>	84.34	(27.74)

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

### 12. Long Term Loans and Advances (unsecured, considered good unless stated otherwise)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>Loans and advances to employees</b>		
- Furniture loans	0.25	0.35
<b>Loan given:</b>		
- Related Parties (refer Note 21)	100.01	119.01
Security deposits	215.26	191.69
Prepaid expenses	0.15	0.75
Income tax recoverable (net of tax provisions)	868.52	485.01
<b>Total</b>	<b>1,185.19</b>	796.81

### 13. Trade Receivables (unsecured, unless stated otherwise)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	545.94	525.57
Considered doubtful	389.75	391.99
	<b>935.69</b>	917.56
Less: Provision for doubtful trade receivables (Refer footnote below)	<b>(389.75)</b>	(391.99)
	<b>545.94</b>	525.57
Others		
Considered good	2,541.89	2,434.69
<b>Total</b>	<b>3,087.83</b>	2,960.26

#### Footnote: Provision for doubtful trade receivable

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Opening Balance	391.99	257.79
Additional Provision/ (Reversal) during the year	(2.24)	134.20
Adjustments	-	-
<b>Closing Balance</b>	<b>389.75</b>	391.99

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

**13. Trade receivables (including unbilled revenue)**

Particulars	As on 31st March, 2023						
	Unbilled Revenue	Less than 6 months	6 months - 1 year	1- 2 years	2- 3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	154.91	2,541.89	284.50	171.91	26.09	63.44	3,242.74
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	6.50	41.00	24.09	276.90	348.49
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	41.26	41.26
<b>Total</b>	<b>154.91</b>	<b>2,541.89</b>	<b>291.00</b>	<b>212.91</b>	<b>50.18</b>	<b>381.60</b>	<b>3,632.49</b>

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

**13. Trade receivables (including unbilled revenue) (Contd.)**

Particulars	As on 31st March, 2022						
	Unbilled Dues	Less than 6 months	6 months - 1 year	1- 2 years	2- 3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	87.44	2,434.69	321.18	81.58	47.56	75.25	3,047.70
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	5.83	7.98	64.05	173.31	251.17
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	20.40	120.42	140.82
<b>Total</b>	<b>87.44</b>	<b>2,434.69</b>	<b>327.01</b>	<b>89.56</b>	<b>132.01</b>	<b>368.98</b>	<b>3,439.69</b>

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

**14. Cash and Bank Balances**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>Cash and cash equivalents</b>		
Cash on hand	<b>1.04</b>	0.95
<b>Balance with banks</b>		
- In current accounts	<b>88.36</b>	51.08
- In EEFC accounts	<b>33.00</b>	138.09
	<b>122.40</b>	190.12
<b>Other bank balances</b>		
-In deposit accounts with banks with original maturity of more than 3months but not more than 12 months. (Including deposits pledged with bank of 186 (Previous Year 186) towards cash credit facilities)	<b>397.36</b>	325.08
<b>Total</b>	<b>519.76</b>	515.20

**15. Short Term Loans and Advances (unsecured, considered good unless stated otherwise)**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
<b>Loans and advances to employees</b>		
- Other Advances	<b>44.97</b>	8.50
Prepaid expenses	<b>28.29</b>	25.37
Advance to Creditors for expenses	<b>28.12</b>	23.96
Advance paid to third parties	<b>3.64</b>	2.25
Earnest Money Deposit	<b>331.93</b>	196.72
Surplus in Gratuity Fund (Refer note no – 25B)	<b>144.74</b>	31.96
Surplus in Leave Encashment Fund (Refer note no – 25C)	<b>136.53</b>	79.77
Balances with government authorities	<b>514.82</b>	356.01
<b>Total</b>	<b>1,233.04</b>	724.54

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

**16. Other Current Assets**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount	Amount
Unbilled Revenue	154.91	87.44
Interest accrued on deposits with banks	2.32	1.67
Other Receivables	0.37	-
<b>Total</b>	<b>157.60</b>	<b>89.11</b>

**17. Other Income**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
<b>Interest from :</b>		
- Bank Deposits	18.10	16.03
- Inter Corporate Deposits	12.59	8.87
Profit on termination of AOP	-	35.12
Other Interest	1.55	0.40
Miscellaneous Income	0.75	-
Profit on sale of Fixed Assets	0.17	0.18
Interest on Income tax refund	19.80	73.39
Dividend Received from Arun Abhiyantey	50.00	-
Net Gain on Foreign Currency Transactions	21.30	9.04
Bad debts written off of earlier years now recovered	1.00	-
Provision for doubtful debts written back	2.24	-
<b>Total</b>	<b>127.50</b>	<b>143.03</b>

**18. Employee Benefits Expense**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
Salaries and wages	4,744.49	4,058.95
Contribution to Provident Fund	253.67	225.10
Contribution to Superannuation Fund	40.10	43.39
Gratuity (Refer note no – 25B)	53.48	93.06
Expenses for Compensated Absences	46.86	66.30
Contribution to ESIC	15.64	13.82
Contribution to GLWF	0.02	0.02
Contribution to M LWF	0.23	-
Staff welfare expenses	339.60	300.66
<b>Total</b>	<b>5,494.09</b>	<b>4,801.30</b>

**Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023**

**19. Finance Cost**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
Interest Paid on Cash Credit Facility	79.49	37.84
Interest Paid on Term Loan	24.99	9.97
<b>Total</b>	<b>104.48</b>	<b>47.81</b>

**20. Other Expenses**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
Rent	163.86	79.14
Rates and taxes	56.09	36.00
Repairs and maintenance for:		
- Building	145.07	81.59
- Equipment	94.65	41.97
Printing and stationery	43.29	34.71
Communication expenses	38.89	37.32
Insurance	50.92	43.26
Motor car expenses	98.25	77.78
Travelling and conveyance	974.37	775.31
Software expenses and computer consumables	140.00	137.64
External training expenses	10.18	12.01
Quality assurance system - audit and other expenses	119.02	90.23
Provision for Bad & Doubtful Debts	-	134.20
Technical and Professional Consultancy	1,911.74	1,551.94
Honorarium to external experts	273.89	208.25
Electricity	67.15	43.35
Remuneration to statutory auditors (excludes tax):		
- Audit fees	6.20	6.20
- Tax audit fees	0.80	0.80
- Reimbursement of expenses	-	0.10
Books and periodicals	4.70	6.42
Seminar and technical presentation expenses	2.93	1.91
TDS considered to be not recoverable written off	25.63	11.20
Advertisement Expenses	58.48	28.97
Loss on Sale of Fixed Assets	-	-
Director Fees	1.50	1.50
CSR Expenditure (Refer note 30)	20.99	16.56
Security/EMD Deposit written off	0.43	1.08
Bad Debts written off	95.73	42.74
Lab. Exp-Materials & consumables	133.44	105.80
Net Loss on Foreign Currency Transactions	-	-
General administration and other expenses	154.62	105.03
<b>Total</b>	<b>4,692.82</b>	<b>3,713.01</b>

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

## 21. Related party disclosures:

### (i) Name of related party and nature of related party relationship:

#### Subsidiary Companies:

- a) Safess Quality Management Pvt. Ltd.
- b) Arun Abhiyantey Pvt. Ltd.

#### Key management personnel:

- a) Mr. Arun Sharma, Chairman and Director
- b) Mr. Vinay Kshirsagar, Director

### (ii) Transactions with related companies/party:

- a) Advance to Safess Quality Management Private Ltd: **54.32** (Previous Period : 119.23)
- b) Amount repaid by Safess Quality Management Private Ltd : **(73.32)** (Previous Period : 0.22)
- c) Interest received on advance to Safess Quality Mgt. Pvt Ltd: **12.58** (Previous Period:8.87)
- d) Technical and Consultancy fees paid to Safess Quality Mgt. Pvt Ltd: **16.14** (Previous Period: Nil)
- e) Dividend income from Arun Abhiyantey Private Limited: **50.00** (Previous Period: Nil)

Current account transactions and reimbursements have not been considered for the purpose of above reporting.

### (iii) Balances with related companies/party:

Loan to Safess Quality Management Private Limited- **100.01** (Previous Period :119.01)

Payable to Arun Abhiyantey Private Limited- **5.00** (Previous Period :Nil)

## 22. Segment Reporting

### Information about Primary Segment

Since the Company is engaged in one line of activity, viz. Technical Inspection and Certification, Accounting Standard 17 "Segment Reporting" is considered not applicable with respect to primary business segment.

### Information about Secondary Segments

Geographical Segments considered for disclosures are:

- Services provided to customers within India (Indian)
- Services provided to customers outside India (Foreign)

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

## 22. Segment Reporting (Contd.)

Particulars	Indian	Foreign	Total
Segment Revenue	<b>10,500.79</b> (8,879.78)	<b>593.81</b> (741.25)	<b>11,094.60</b> (9,621.03)
Carrying amount of segment assets	<b>10,163.68</b> (8,577.73)	<b>194.39</b> (298.54)	<b>10,358.07</b> (8,876.27)
Addition to property, plant and equipment	<b>610.12</b> 634.08	- (-)	<b>610.12</b> 634.08

Figures in brackets indicate figures for previous year

## 23. Expenditure in foreign currency (on payment basis):

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
(i) Quality assurance system – Audit and other expenses	<b>39.14</b>	33.84
(ii) Legal and technical consultancy expenses	<b>447.35</b>	313.78
(iii) Travelling Expenses	<b>3.92</b>	8.72
<b>Total</b>	<b>490.41</b>	356.34

## 24. Earnings in foreign exchange (on receipt basis):

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
(i) Inspection/Certification fees received from: Customers	<b>942.46</b>	797.59
Advance Received from customer	-	-
<b>Total</b>	<b>942.46</b>	797.59

## 25. Employee benefits:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
<b>A) Defined Contribution Plans</b>		
Contribution to Defined Contribution Plan, recognized in the Income and Expenditure account under employee benefits expense in Note 18 are as under:		
Contribution to Provident Fund	<b>253.67</b>	225.10
Contribution for Superannuation	<b>40.10</b>	43.39
	<b>293.77</b>	268.49

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

**25. Employee benefits: (Contd.)**

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
		Amount	Amount
<b>B)</b>	<b>Defined Benefit Plans</b>		
	Gratuity (Funded) – As per actuarial valuation as at the Balance sheet date		
<b>(i)</b>	<b>Reconciliation of opening and closing balances of defined benefit obligation</b>		
	Present value of defined benefit obligation as at the beginning of the year	715.14	606.94
	Interest cost	51.70	41.63
	Current service cost	72.72	61.99
	Past service cost	13.87	-
	Benefits paid	(166.26)	(26.16)
	Net actuarial (gain)/loss	(56.77)	30.74
	Present value of defined benefit obligation as at the end of the year	630.40	715.14
<b>(ii)</b>	<b>Reconciliation of fair value of plan assets</b>		
	Fair value of Plan Assets as at the beginning of the year	747.10	705.79
	Expected return on plan assets	54.01	48.42
	Contributions by the Employer	-	-
	Benefit Paid	-	-
	Net actuarial (loss)/gain	(25.97)	(7.11)
	Fair value of plan assets as at the end of the year	775.14	747.10
<b>(iii)</b>	<b>Net assets/(liabilities) recognised in the Balance Sheet</b>		
	Fair value of plan assets	775.14	747.10
	Present value of defined benefit obligation	(630.40)	(715.14)
	Net assets/ (liabilities) recognised in the Balance Sheet	144.74	31.96
<b>(iv)</b>	<b>Components of employer's expenses</b>		
	Interest cost	51.70	41.64
	Current service cost	72.72	61.99
	Past service cost	13.87	-
	Actuarial (gain)/ loss recognized	(30.80)	37.85
	Expected return on plan assets	(54.01)	(48.42)
	Asset transferred on acquisition (Prior Period Adjustment)	-	-
	Total expenses/(income) recognized in the Income and Expenditure account	53.48	93.06

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

25. Employee benefits: (Contd.)

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
		Amount	Amount
(v)	Actual return on plan assets	28.05	41.31
(vi)	Principal assumptions used in actuarial valuation	<b>Assured Lives</b>	Assured Lives
	Mortality table	<b>Mortality</b>	Mortality
		<b>(2006-08)</b>	(2006-08)
		<b>Ultimate</b>	Ultimate
	Discount rate	7.50%	7.23%
	Salary escalation rate	5.00%	6.00%
	Withdrawal rate		
	For Service 4 years and below	5.00%	5.00%
	For Service 5 years and above	5.00%	5.00%
(vii)	Expected contribution for the next year Nil (Previous Year:40.76).		
(viii)	The Company manages gratuity fund with an insurance company.		
(ix)	The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
	Debt	81.53%	82.59%
	Equity	18.47%	17.41%
	<b>Total</b>	<b>100.00%</b>	100.00%

Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023

**25. Employee benefits: (Contd.)**

**(x) Experience adjustment arising on :**

Particulars	31st March 2023	31st March, 2022	31st March 2021	31st March 2020	31st March 2019
	Amount	Amount	Amount	Amount	Amount
1) Plan Liability (Gain) /Loss on obligation	<b>11.41</b>	1.52	7.33	11.68	(14.97)
2) Plan Liability (Gain) /Loss on plan asset	<b>(25.97)</b>	7.11	(112.06)	7.05	6.81

**25 C) Leave Encashment**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount	Amount
Closing Liability/(Asset) Defined Benefit Obligation	<b>(136.53)</b>	(79.77)
Less : Opening Liability/(Asset) Defined Benefit Obligation	<b>(79.77)</b>	(59.85)
Movement in Leave Encashment	<b>56.76</b>	19.92

**26. Foreign currency exposures:**

The period-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amounts receivable in foreign currency:

Currency	As at March 31, 2023		As at March 31, 2022	
	FCY	Equivalent	FCY	Equivalent
USD	<b>2,18,283</b>	<b>179.32</b>	3,92,100	295.64
AED	<b>2,503</b>	<b>0.56</b>	419	0.09
SLR	-	-	2,871	0.01
AUD	<b>1,663</b>	<b>0.92</b>	1,241	0.70
SGD	<b>10</b>	<b>0.01</b>	-	-
QAR	<b>7,640</b>	<b>1.71</b>	-	-
GBP	<b>16</b>	<b>0.02</b>	-	-
EUR	<b>13,262</b>	<b>11.85</b>	2,500	2.10
<b>Total</b>		<b>194.39</b>		298.54

Amounts payable in foreign currency: Nil (P Y NIL.)

There are no derivatives held by the company.

**Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023**

27. During the financial year 2015-16, the Company acquired the business of Geological Metallurgical Laboratories a partnership firm on 31st October 2015 whereby all the assets and liabilities were purchased at book value excluding Land & Building which was purchased at Market Value totaling to 1,595.77 (including stamp duty and registration fees paid on property of 145.77) out of the Corpus funds. The Company has recognized goodwill of 345.09 being the excess of purchase consideration over the value of net asset acquired. As at March 31, 2023, the entire goodwill has been fully amortized in accordance with the accounting policy of the Company as disclosed in note 2D.
28. During the financial year 2021-22, the Company acquired a Division from CEG Test House and Research Centre(P) Limited for testing in the field of food and agriculture, drugs and pharmaceutical, water, environment monitoring and testing of Ayush and Herbal products on 09th February, 2022 whereby all the assets and liabilities were purchased at a lumpsum consideration of 600 (Six Hundred lakhs only) as a going concern on lumpsum basis. The Company has recognized goodwill of 141.71 being the excess of purchase consideration over the value of net asset acquired. As at March 31, 2023, goodwill has been amortized in accordance with the accounting policy of the Company as disclosed in note 2D.

**29. Lease Charges:**

The Company has taken buildings on operating lease with lock-in period of 3 years. The total annual lease rent paid on the same amounting to **60.50** (P.Y. 8.48) is included under Rent forming part of other expenses.

Obligations towards Minimum Lease payments

Particulars	31st March 2023	31st March 2022
Not later than One year	63.52	60.50
Later than one year but not later than five years	55.13	118.65
Later than five years	-	-
<b>Total</b>	<b>118.65</b>	<b>179.15</b>

**Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023**

**30. CSR Expenditure:**

- (a) Gross amount required to be spent by the company during the year is **20.13** (P. Y. 16.43)
- (b) Amount spent during the year on:

Sr. No.	CSR activities	In Cash	Yet to be paid in cash	Total (Rs.)
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	20.99	-	20.99

**31. Contingent Liability:**

Corporate Guarantee on behalf of Safess Quality Management Private Limited is **400** (P.Y. 400)

**Notes forming part of the Standalone financial statements as at and for the year ended 31st March 2023**

**32. Financial Ratios:**

Sr. No.	Ratio	Numerator	Denominator	31st March, 2023	31st March, 2022	% Variance
a)	Current Ratio	Total Current Assets	Total Current Liabilities	<b>2.14</b>	2.52	-15%
b)	Debt-Equity Ratio	Total Debts consists of Non current and Current Borrowings	Shareholder's Equity	<b>0.15</b>	0.10	61%
c)	Debt Service Coverage Ratio	Earnings available for Debt Service = Net Profit after Tax + Non cash operating expenses + Interest + Other non cash adjustments	Debt Service = Interest and Lease Payments + term loan principal repayments	<b>10.11</b>	26.64	-62%
d)	Return on Equity Ratio	Net Profit after Tax	Average Shareholders' Equity	<b>0.05</b>	0.12	-55%
e)	Inventory turnover ratio	Revenue from Operations	Average Inventory	<b>Not Applicable as the Company does not maintain inventory</b>		
f)	Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables	<b>3.67</b>	3.40	8%
g)	Trade payables turnover ratio	Total Expenses - Depreciation - Interest - Employee Benefit Expenses	Average Trade Payables	<b>5.73</b>	7.69	-26%
h)	Net capital turnover ratio	Revenue from Operations	Average Working Capital = Average Current Assets - Average Current Liabilities	<b>2.99</b>	4.02	-26%
i)	Net profit ratio	Net Profit after Tax	Revenue from Operation	<b>0.05</b>	0.08	-38%
j)	Return on Capital employed	Earnings before Interest and Taxes	Capital Employed = Average Equity + Average Debts + Average Lease Liabilities	<b>0.07</b>	0.16	-54%
k)	Return on investment	Dividend income from Non current Investments	Non current Investments	-	-	-

**33.** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to Notes 1 to 33

**For and on behalf of the Board**

Mumbai  
Date: 27th July, 2023

**Vinay Kshirsagar**  
Director

**Arun Sharma**  
Chairman and Director

### Standalone Cash Flow Statement for the year ended 31st March, 2023

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Amount	Amount	Amount	Amount
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Excess of income over expenditure before Tax		<b>710.36</b>		1,098.78
Adjustments for:				
Depreciation on tangible assets	<b>191.98</b>		83.63	
Amortisation of goodwill on acquisition	<b>28.34</b>		3.96	
Amortisation of software	<b>3.66</b>		3.66	
Share of profit from AOP	-		(35.12)	
Lab.Exp-Materials & consumab.taken over on acquisition of business debited to P&L account	-		72.12	
Books and periodicals taken over on acquisition of business debited to P&L account	-		5.00	
Loss / (Gain) on sale / write off of fixed assets(net)	<b>(0.17)</b>		(0.18)	
Security/EMD Deposit Written off	<b>0.43</b>		1.08	
Interest income	<b>(32.23)</b>		(25.30)	
Interest on IT Refund	<b>(19.80)</b>		(73.39)	
Net unrealised exchange loss/(gain) on foreign currency translations	<b>(5.23)</b>		(3.52)	
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	<b>(4.79)</b>		(2.79)	
Interest paid on cash credit	<b>79.49</b>		37.84	
Interest paid on Term Loan	<b>24.99</b>		9.97	
Provision for doubtful trade receivables (net)	<b>(2.24)</b>		134.20	
TDS considered to be not recoverable written off	<b>25.63</b>		11.20	
Bad Debts written off	<b>95.73</b>		42.74	
Bad debts written off of earlier years now recovered	<b>(1.00)</b>		-	
Dividend from Domestic Companies	<b>(50.00)</b>		-	
		<b>335.79</b>		265.10
<b>Operating surplus before working capital changes</b>		<b>1,046.15</b>		1,363.88
Adjustments for (increase)/ decrease in operating assets:				
Trade receivables	<b>(215.83)</b>		(346.39)	
Short-term loans and advances	<b>(508.51)</b>		(114.14)	
Long-term loans and advances	<b>(23.30)</b>		(74.12)	
Other Current assets	<b>(67.46)</b>		(6.88)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	<b>203.13</b>		87.71	
Other current liabilities	<b>213.29</b>		11.94	
Short Term Provisions	-		-	
		<b>(398.69)</b>		(441.88)
Cash generated from operations		<b>647.46</b>		879.26
Direct taxes paid (Tax deducted at source net of refund)		<b>(575.56)</b>		128.78
<b>Netcash from operating activities (A)</b>		<b>71.90</b>		1,008.04

### Standalone Cash Flow Statement for the year ended 31st March, 2023

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Amount	Amount	Amount	Amount
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment (including capital advances)	(570.20)		(86.67)	
Addition of Fixed assets on acquisition of business	-		(600.00)	
Proceeds from Sale of Property, plant and equipment	-		-	
Bank balances not considered as cash and cash equivalents				
- Placed	(397.36)		(325.08)	
- Matured	325.08		324.81	
Loan to Subsidiary	19.00		(59.33)	
Interest received	31.20		25.50	
Dividend from Domestic Companies	50.00		-	
		(542.28)		(720.77)
<b>Net cash used in investing activities (B)</b>		(542.28)		(720.77)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest paid on Cash Credit	(79.49)		(37.84)	
Interest paid on Term Loan	(24.99)		(9.97)	
Credit Facility from HDFC Bank (Net)	137.40		(70.82)	
Term Loan Facility from HDFC Bank	450.00			
Term Loan Installment paid to HDFC Bank	(85.05)		(40.04)	
		397.87		(158.67)
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		(72.51)		128.60
Cash and cash equivalents at the beginning of the year		190.12		58.73
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		4.79		2.79
<b>Cash and cash equivalents at the end of the year *</b>		122.40		190.12
* Comprises:				
(a) Cash on hand		1.04		0.95
(b) Balances with banks				
(i) In current accounts		88.36		51.08
(ii) In EEFC accounts		33.00		138.09
<b>Total</b>		122.40		190.12

**Note:**

Figures in brackets are outflows/deductions

In terms of our report attached

**For and on Behalf of the Board of Directors**

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants  
FRN. 003990S/S200018

**Ramanarayanan J.**  
Partner  
Membership No. 220369

**Vinay Kshirsagar**  
Director

**Arun Sharma**  
Chairman and Director

Mumbai  
Date : 27th July, 2023  
ICAI UDIN Ref. No: 23220369BGUYMP3482

Mumbai  
Date : 27th July, 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAFESS  
QUALITY MANAGEMENT PVT. LTD.****Report on the Financial Statements****Opinion**

We have audited the accompanying financial statements of M/s. Safess Quality Management Pvt. Ltd. ("the Company") which comprises the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Companies Act, 2013 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, 2023, and loss, and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit 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 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 there under, 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.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 the fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with

accounting principles generally accepted in India, prescribed under section 133 of the Act.. 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 implementation and maintenance of 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 statement 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 is also responsible for overseeing the company's financial reporting process

#### **Auditor's Responsibilities for the Audit of Financial Statement.**

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. We are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), is at present not applicable to the Company
2. (A) As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income) and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) Pursuant to MCA notification dated 13th June 2017, reporting on adequacy of the internal financial controls over financial reporting is exempted for the company.
- (B) 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 best of our information and according to the explanation given to us:
  - a) The Company does not have any pending litigations which would impact its financial positions.
  - b) The Company did not have any long term contracts including derivative contracts as at 31st March, 2023 for which there were any material foreseeable losses.

- c) There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall;
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
  - Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall;
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub- clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
- (C) With respect to the matter to be included in the Auditors’ Report under Section 197(16) of the Act, in our opinion, the limit prescribed by section 197 for maximum permissible managerial remuneration is not applicable to a the company.

For **Sanjay & Snehal**  
Chartered Accountants  
Firm Reg. No. 118160W

Place: Mumbai  
Date: 20th July, 2023  
ICAI UDIN Ref. No: 23049623BGVAIW3717

**Sanjay T. Tupe**  
Partner  
Membership No. 49623

**SAFESS QUALITY MANAGEMENT PRIVATE LIMITED (Wholly owned subsidiary of  
IRCLASS Systems and Solutions Private Limited)**

**Balance Sheet as at 31st March, 2023**

Particulars		Note No.	As at	As at
			March 31, 2023	March 31, 2022
			Amount (Rs.)	Amount (Rs.)
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share Capital	3	4,20,000	4,20,000
	(b) Reserves and surplus	4	4,51,93,982	5,26,57,179
<b>2</b>	<b>Non-Current liabilities</b>			
	(a) Long Term Borrowings	5	1,00,00,879	1,19,00,879
<b>3</b>	<b>Current Liabilities</b>			
	(a) Short Term Borrowings	6	1,10,91,838	1,29,60,696
	(b) Trade payables			
	Micro and Small Enterprises			
	Others	7	45,92,734	1,95,05,706
	(c) Other Current Liabilities	8	20,42,623	39,88,627
	(d) Short-term provisions		9,91,820	15,27,174
	<b>Total</b>		<b>7,43,33,875</b>	<b>10,29,60,260</b>
<b>II</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets	9	78,99,880	85,03,271
	(b) Non-current investments	10	26,680	26,680
	(c) Deferred tax assets (net)		5,14,678	5,62,860
	(d) Long Term Loans and Advances	11	2,40,88,871	2,99,95,144
<b>2</b>	<b>Current assets</b>			
	(a) Inventories		-	53,36,640
	(b) Trade receivables	12	2,23,42,320	3,68,77,521
	(c) Cash and cash equivalents	13	1,06,39,025	1,18,68,951
	(d) Short-term loans and advances	14	86,47,665	88,27,995
	(e) Other Current Asset	15	1,74,755	9,61,194
	<b>Total</b>		<b>7,43,33,875</b>	<b>10,29,60,260</b>
	The notes form the integral part of these financial statements	1 to 25		

As per our attached report of even date

**For and on behalf of the Board of Directors**

**For and on behalf of**

**Sanjay & Snehal**

Chartered Accountants

Firm Registration No 118160W

**Sanjay T .Tupe**

Partner

Membership No. 49623

Mumbai

Date : 20th July, 2023

ICAI UDIN Ref. No: 23049623BGVAIW3717

**Vinay Kshirsagar**

Director

Mumbai

Date : 20th July, 2023

**Paulson Neelankavil**

Director

**SAFESS QUALITY MANAGEMENT PRIVATE LIMITED (Wholly owned subsidiary of IRCLASS Systems and Solutions Private Limited)**

**Income and Expenditure Account for the year ended 31st March, 2023**

Particulars		Note No.	Year ended	Year ended
			March 31, 2023	March 31, 2022
			Amount (Rs.)	Amount (Rs.)
<b>I</b>	<b>Revenue from Operations</b>	16	<b>7,24,05,947</b>	9,54,91,867
<b>II</b>	<b>Other Income</b>	17	<b>15,64,260</b>	7,53,720
<b>III</b>	<b>Total Revenue (I+II)</b>		<b>7,39,70,207</b>	9,62,45,587
<b>IV</b>	<b>Expenses:</b>			
	(a) Cost of purchases		<b>44,18,890</b>	1,99,06,576
	(b) Changes in Inventory		<b>53,36,640</b>	(2,36,931)
	(c) Employee Benefit Expenses	18	<b>2,00,89,612</b>	2,36,00,912
	(e) Depreciation	9	<b>12,74,952</b>	16,23,795
	(f) Finance Cost	19	<b>25,93,459</b>	20,50,105
	(g) Contract Labour		<b>2,08,09,250</b>	2,92,04,480
	(h) Other Expenses	20	<b>2,65,20,261</b>	2,55,02,399
	<b>Total Expenses</b>		<b>8,10,43,064</b>	10,16,51,336
<b>V</b>	<b>Profit before tax</b>		<b>(70,72,857)</b>	(54,05,748)
<b>VI</b>	<b>Tax Expense:</b>			
	(1) Current Tax		-	-
	(a) Current Year		-	-
	(b) Previous Period		<b>3,42,157</b>	-
	(2) Deferred Tax		<b>(48,182)</b>	1,45,074
	<b>Profit for the year</b>		<b>(74,63,196)</b>	(52,60,673)
<b>VII</b>	<b>Prior Period Adjustment</b>		-	-
<b>VIII</b>	<b>Profit after prior period adjustment</b>		<b>(74,63,196)</b>	(52,60,673)
	The notes form the integral part of these financial statements	1 to 25		

As per our attached report of even date

**For and on behalf of the Board of Directors**

**For and on behalf of**

**Sanjay & Snehal**

Chartered Accountants

Firm Registration No 118160W

**Sanjay T .Tupe**

Partner

Membership No. 49623

Mumbai

Date : 20th July, 2023

ICAI UDIN Ref. No: 23049623BGVAIW3717

**Vinay Kshirsagar**

Director

Mumbai

Date : 20th July, 2023

**Paulson Neelankavil**

Director

**Notes forming part of the financial statements as at and for the year ended 31st March 2023 (SAFESS)**

**1. Corporate Information:**

Safess Quality Management Pvt. Ltd. (“the Company”) was incorporated on 21st October, 1993 and is in business of providing engineering services all over India. The company is Quality Control & Quality Assurance Engineering organisation, with focal interest in inspection, testing & certification of plant, equipment & machinery. Services cover mechanical, electrical, structural and civil engineering, with mechanical being the main and the others as related.

**2. Significant Accounting Policies:**

**(I) Basis of preparation of financial statements:**

- a. These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act 2013 (the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

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

All other assets are considered as non-current assets

A liability is classified as current when:

- a) Expected to be settled in normal operating cycle.
- b) Held primarily for the purpose of trading.
- c) It is due to be settled on demand or within 12 months of the reporting period
- d) There is no unconditional right to defer the settlement of the liability for at least 12 months of the reporting period.

The company classifies all other liabilities as non-current. Deferred tax assets and liabilities are considered as non-current assets and liabilities

Notes forming part of the financial statements as at and for the year ended 31st March 2023  
(SAFESS)

- b. The preparation of accounting statements in conformity with GAAP requires the Management to make assumption and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the amounts of income and expenses during the period reported under the financial statements. Any revision to the accounting estimates are recognized prospectively when revised.

**(II) Revenue Recognition:**

- a. Revenue is inclusive of Excise Duty (up to the applicable date), reduced for customer discounts, rebates granted, other similar allowances, sales taxes (up to the applicable date), Goods and Services Tax (GST) and duties collected on behalf of third parties. **Revenue from sale of goods** is recognized when the following conditions are satisfied.
- i) the Company has transferred the significant risks and rewards of ownership of the goods to the buyer which generally coincides when the goods are dispatched in accordance with the terms of sale;
  - ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
  - iii) the amount of revenue can be measured reliably;
  - iv) it is probable that the economic benefits associated with the transaction will flow to the Company;
  - v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- b. **Service income** is recognized, net of Goods and Services Tax (GST), when the related services are provided. The revenue is measured using the proportionate completion method.
- c. **Other Income**
- i) Dividend income from investments is recognized when the shareholder's right to receive payment has been established.
  - ii) Interest income is recognized on the time proportion basis, by reference to the principal outstanding and the interest rate applicable.
  - iii) Insurance and other claims are accounted as and when unconditionally admitted by the appropriate authorities (if any).

**Notes forming part of the financial statements as at and for the year ended 31st March 2023  
(SAFESS)****(III) Use of Estimates and Judgments:**

The preparation of financial statements in accordance with Accounting Standards requires the management to use of critical accounting estimates and assumptions. It also requires management to exercise judgment in the process of applying accounting policies. Actual results could differ from those estimates. These estimates, judgments, assumptions affect application of the accounting policies and the reported amounts of assets, liabilities, revenue, expenditure, contingent liabilities etc.

The estimates and underlying assumptions are reviewed on an ongoing basis and changes are made as management becomes aware of changes in the circumstances surrounding the estimates. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the company and they are believed to be reasonable under circumstances.

**(IV) Property, Plant and Equipment:**

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or Losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

The management's estimate of useful lives is in accordance with Schedule II to the Companies Act, 2013. Depreciation is provided on pro-rata basis on the Written down Value method over the useful life of assets. The useful life, residual value and the depreciation method are reviewed at least at each financial year end and adjusted prospectively.

Spares in the nature of capital spares/insurance spares are added to the cost of the assets. The total cost of such spares is depreciated over a period not exceeding the useful life of the asset to which they relate.

**(V) Inventories:**

Raw materials and components, stock in process, finished goods are valued at cost or net realizable value whichever is lower. Stores, spares and consumables are valued at cost except certain spares are valued at cost or its fair value whichever is lower. Works in Progress are valued at cost. Goods / Materials in transit are valued at cost to Date. Goods / Materials in transit are valued at cost to date. Cost comprises cost of purchase, cost of conversion and other cost incurred in bringing the inventory to present location and condition. Cost is arrived at on weighted average basis. Stock for demonstration lying with third parties (if any) at sites is

**Notes forming part of the financial statements as at and for the year ended 31st March 2023  
(SAFESS)**

valued at the estimated value of its useful life in relation to its original cost at the time of transfer to the third party.

**(VI) Employee Benefits:****Short Term Employee Benefits**

All employee benefits payable within twelve months of rendering the service are recognized in the period in which the employee renders the related service.

**Retirement benefits** in the form of provident fund which are defined contributions plans, is accounted on accrual basis and charged to the statement of profit and loss of the year.

**Provident Fund:** Contribution towards provident fund for employees is made to the regulatory authorities where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

**Gratuity:** The Company provides for gratuity, a defined benefits plan (the “Gratuity Plan”) covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s salary and the tenure of employment. The Company’s liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The fair value of the plan assets of the trust administered by the Company is deducted from the gross obligation. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

**Termination Benefits:** Termination benefits in the nature of voluntary retirement benefits are recognized in the Statement of Profit and Loss as and when incurred.

**(VII) Borrowing Costs:**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**(VIII) Foreign currency transactions:****a. Initial Recognition:**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Notes forming part of the financial statements as at and for the year ended 31st March 2023  
(SAFESS)**

**b. Subsequent Recognition:**

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of all monetary items are recognized in the Statement of Profit and Loss.

**(IX) Current and Deferred Tax:**

Income-tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the taxable income at the tax rate applicable to the relevant assessment year.

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets on account of timing differences are recognized only to the extent there is a reasonable certainty of its realization. In case of carried forward losses and unabsorbed depreciation under tax laws, deferred tax assets are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassure realization.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**(X) Provisions, Contingent Liabilities and Contingent Asset:**

**Provisions:** Provisions are recognized 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. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only

**Notes forming part of the financial statements as at and for the year ended 31st March 2023 (SAFESS)**

by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**(XI) Earnings per Share :**

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit after tax for the year attributable to the equity shareholders of the Company by weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities

The Number and amount of shares Authorised, issued, subscribed & fully paid up:-

**3. Share Capital**

**3.a. The Number and amount of shares Authorised, issued, subscribed & fully paid up:-**

Share Capital	As at	As at	As at	As at
	March 31, 2023	March 31, 2023	March 31, 2022	March 31, 2022
	Number	Amount (Rs.)	Number	Amount (Rs.)
<b>Authorised</b>				
Equity Shares of Rs.10/- each	10,00,00	10,00,000	1,00,000	10,00,000
<b>Issued</b>				
Equity Shares of Rs.10/- each	42,000	4,20,000	42,000	4,20,000
<b>Subscribed &amp; Fully Paid up</b>				
Equity Shares of Rs.10/- each fully Paid	42,000	4,20,000	42,000	4,20,000
<b>Total</b>	<b>42,000</b>	<b>4,20,000</b>	<b>42,000</b>	<b>4,20,000</b>

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

Particulars	Equity Shares	
	Number	Amount (Rs.)
Shares outstanding at the beginning of the year	42,000	4,20,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
<b>Shares outstanding at the end of the year</b>	<b>42,000</b>	<b>4,20,000</b>

**3.c. Shareholders holding more than 5% of shares**

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IRClass Systems & Solutions Pvt. Ltd	41,999	99.99%	41,999	99.99%

**Notes forming part of the financial statements as at and for the year ended 31st March 2023 (SAFESS)**

**4. Reserves And Surplus**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount (Rs.)	Amount (Rs.)
a. Other Reserves		
Opening Balance	5,26,57,179	5,79,17,854
b. Surplus		
(+ Net Profit For the current year)	(74,63,196)	(52,60,675)
<b>Total</b>	<b>4,51,93,982</b>	<b>5,26,57,179</b>

**5. Long Term Borrowings**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount (Rs.)	Amount (Rs.)
Borrowings from related parties		
IRCLASS Systems and Solutions Private Limited	1,00,00,879	1,19,00,879
<b>Total</b>	<b>1,00,00,879</b>	<b>1,19,00,879</b>

**6. Short Term Borrowings**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount (Rs.)	Amount (Rs.)
Borrowings from related parties		
Arun Abhiyantey Private Limited	49,79,636	43,12,886
Cash Credit Facilities from HDFC Bank (Secured by charge against present and future receivables of the Company)	61,15,202	86,47,810
<b>Total</b>	<b>1,10,91,838</b>	<b>1,29,60,696</b>

**7. Trade payables - Others**

Particulars	As at 31-Mar-23	As at 31-Mar-22
	Amount (Rs.)	Amount (Rs.)
Trade Payable-Others	45,92,734	1,95,05,706
<b>Total</b>	<b>45,92,734</b>	<b>1,95,05,706</b>

Notes forming part of the financial statements as at and for the year ended 31st March 2023 (SAFESS)

**7. Trade Payables Ageing**

Particulars	As on 31st March, 2023						
	Unbilled	Not Due	Less than 1 year	1-2 years	2- 3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	36,49,161	3,97,302	2,99,302	2,46,969	-	45,92,734
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	-	36,49,161	3,97,302	2,99,302	2,46,969	-	45,92,734

Particulars	As on 31st March, 2022						
	Unbilled	Not Due	Less than 1 year	1-2 years	2- 3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	57,88,363	12,01,757	3,92,694	1,21,22,892	-	1,95,05,706
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	-	57,88,363	12,01,757	3,92,694	1,21,22,892	-	1,95,05,706

**8. Other Current Liabilities**

Particulars	As at March 31,2023	As at March 31,2022
	Amount (Rs.)	Amount (Rs.)
Payable for statutory dues	16,41,581	23,01,813
Employee related fund payable	59,810	2,34,820
Payable to employees/labours	3,41,231	14,51,994
<b>Total</b>	20,42,622	39,88,627

**9. Fixed Assets**

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Opening Balance	Additions	Deduction	Closing Balance	Opening Balance	For the year	Deduction	Closing Balance	Balance as on 31.03.2023	Balance as on 31.03.2022
Plant & Machinery	1,55,40,673	6,15,066	-	1,61,55,739	73,42,239	11,66,022	-	85,08,261	76,47,478	81,98,434
Computers	12,97,878	56,495	-	13,54,373	9,93,041	1,08,930	-	11,01,971	2,52,402	3,04,837
<b>31.03.2023</b>	<b>1,68,38,551</b>	<b>6,71,561</b>	<b>-</b>	<b>1,75,10,112</b>	<b>83,35,280</b>	<b>12,74,952</b>	<b>-</b>	<b>96,10,232</b>	<b>78,99,880</b>	<b>85,03,271</b>
31.03.2022	1,59,09,876	9,28,675	-	1,68,38,551	67,11,485	16,23,795	-	83,35,280	85,03,271	91,98,391

**10. Non-Current Investments**

Particulars	As at March 31,2023	As at March 31,2022
	Amount (Rs.)	Amount (Rs.)
Unquoted Investments		
1. Linking Shares of Jankalyan Sahakari bank	26,680	26,680
<b>Total</b>	26,680	26,680

Notes forming part of the financial statements as at and for the year ended 31st March 2023  
(SAFESS)

**11. Long Term Loans And Advances**

Particulars	As at	As at
	March 31,2023	March 31,2022
	Amount (Rs.)	Amount (Rs.)
Sundry Deposits (net)	64,98,777	76,34,660
Retention Money Receivable	72,20,663	1,03,46,82
Income Tax Recoverable (Net of Provision)	1,03,69,431	1,20,13,642
Advance to Creditor for Capital Expenditure	-	-
<b>Total</b>	<b>2,40,88,871</b>	<b>2,99,95,144</b>

**12. Trade Receivables**

Particulars	As at	As at
	March 31,2023	March 31,2022
	Amount (Rs.)	Amount (Rs.)
Debts outstanding for a period exceeding six months		
Considered Good	26,30,657	19,17,350
Considered Doubtful	5,45,159	5,45,159
	<b>31,75,816</b>	<b>24,62,509</b>
Less : Provision for doubtful trade receivable	5,45,159	5,45,159
Debts outstanding for a period exceeding six months	26,30,657	19,17,350
Debts outstanding for a period not exceeding six month (considered good)	1,97,11,663	3,49,60,171
<b>Total</b>	<b>2,23,42,320</b>	<b>3,68,77,521</b>

**12. Trade receivables (including unbilled revenue)**

Particulars	As on 31st March, 2023						Total
	Unbilled Revenue	Less than 6 months	6 months - 1 year	1- 2 years	2- 3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	1,97,11,663	5,53,063	12,92,685	-	7,84,910	2,23,42,320
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	5,45,159	5,45,159
<b>Total</b>	-	<b>1,97,11,663</b>	<b>5,53,063</b>	<b>12,92,685</b>	-	<b>13,30,069</b>	<b>2,28,87,479</b>

Notes forming part of the financial statements as at and for the year ended 31st March 2023 (SAFESS)

**12. Trade receivables (including unbilled revenue) (Contd.)**

Particulars	As on 31st March, 2022						Total
	Unbilled Revenue	Less than 6 months	6 months - 1 year	1- 2 years	2- 3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	3,49,60,171	6,62,413	8,48,403	4,06,534	-	3,68,77,521
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	5,45,159	5,45,159
<b>Total</b>	-	<b>3,49,60,171</b>	<b>6,62,413</b>	<b>8,48,403</b>	<b>4,06,534</b>	<b>5,45,159</b>	<b>3,74,22,680</b>

**13. Cash And Cash Equivalents**

Particulars	As at March 31,2023	As at March 31,2022
	Amount (Rs.)	Amount (Rs.)
a. Balances with banks This includes: In current Account	8,96,826	2,67,522
b. Cash on hand	-	30,302
c. Fixed Deposit with Bank	97,42,199	1,15,71,127
<b>Total</b>	<b>1,06,39,025</b>	<b>1,18,68,951</b>

**14. Short Term Loans And Advances**

Particulars	As at March 31,2023	As at March 31,2022
	Amount (Rs.)	Amount (Rs.)
Balance with Government Authorities	48,33,610	53,89,946
Advance to Employee for site	385	1,59,608
Prepaid Expenses	1,69,956	2,97,097
Advance to Creditor for Expenses	15,40,761	22,64,251
Surplus in Gratuity Fund	21,02,953	7,17,093
<b>Total</b>	<b>86,47,665</b>	<b>88,27,995</b>

Notes forming part of the financial statements as at and for the year ended 31st March 2023  
(SAFESS)

**15. Other Current Assets**

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount (Rs.)	Amount (Rs.)
Interest Accrued on Fixed Deposit	1,74,755	9,61,194
<b>Total</b>	<b>1,74,755</b>	<b>9,61,194</b>

**16. Revenue From Operations**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount (Rs.)	Amount (Rs.)
Professional fees	7,24,05,947	9,54,91,867
Contracting Income	-	-
<b>Total</b>	<b>7,24,05,947</b>	<b>9,54,91,867</b>

**17. Other Income**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount (Rs.)	Amount (Rs.)
Interest Received on fixed deposits with Banks	5,58,963	6,73,328
Interest on IT Refund	2,74,300	75,533
Earlier Income Recover in This year	2,713	4,859
Surplus in Gratuity Fund	7,28,284	-
<b>Total</b>	<b>15,64,260</b>	<b>7,53,720</b>

**18. Employee Cost**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount (Rs.)	Amount (Rs.)
(a) Salaries and incentives	1,78,61,031	2,03,82,141
(b) Contributions to -		
Provident Fund	19,55,677	24,98,741
Employees State Insurance Corporation	2,72,904	4,86,846
Gratuity	-	2,33,184
<b>Total</b>	<b>2,00,89,612</b>	<b>2,36,00,912</b>

**19. Finance Cost**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount (Rs.)	Amount (Rs.)
Interest on CC facility from Bank	6,13,211	7,73,105
Interest paid to Inter Corporate Deposit	19,80,248	12,77,000
<b>Total</b>	<b>25,93,459</b>	<b>20,50,105</b>

Notes forming part of the financial statements as at and for the year ended 31st March 2023  
(SAFESS)

**20. Other Expenses**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount (Rs.)	Amount (Rs.)
Site expenses	37,83,965	42,93,615
Inspection charges	38,57,413	8,70,660
Rent	40,52,478	25,73,679
Travelling & Conveyance Expenses	52,18,381	85,61,388
Electricity Charges	67,131	1,08,257
Transportation	12,17,865	22,79,592
Legal & professional fees	59,44,127	36,44,719
Bad debts written off	-	4,24,906
Telephone, postage & telegram	1,01,576	1,70,834
Audit Fees	1,50,000	1,50,000
Administration Expenses	17,30,997	22,31,790
Bank Charges	76,011	72,705
Rates & Taxes	3,20,316	-
Provision For Bad Debts	-	1,20,253
<b>Total</b>	<b>2,65,20,261</b>	<b>2,55,02,399</b>

**21. Disclosure Pursuant to Accounting Standard 15 - Employee Benefit**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount (Rs.)	Amount (Rs.)
<b>Defined Contribution Plans</b>		
The Company has recognized the following amounts in the Statement of Profit and Loss for the year :		
Contribution to Gratuity Fund	(7,28,284)	(6,07,491)
<b>Defined Benefit Plan</b>		
Actuarial assumption:		
Discount rate	7%	6.75%
Expected rate of return on plan assets		
The estimates of future salary increases, considered in Actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the Employment market	7%	7%
Retirement Age (years)	58	58

Notes forming part of the financial statements as at and for the year ended 31st March 2023 (SAFESS)

## 22. Related Party Disclosure as Required By The Accounting Standards 18 (As-18)

### Key Management Personnel

- 1) Mr. Vinay S. Kshirsagar
- 2) Mr. Paulson Neelankavil
- 3) Mr. Kapildev Shinde

### Companies / Firms in which Director, Director's relatives are Director / Partner

- 1) IRCLASS Systems and Solutions Private Limited
- 2) Arun Abhiyantey Pvt Ltd

### Transactions

Related Party	Nature	CY 2022-23	PY 2021-22
IRCLASS Systems and Solutions Pvt Ltd	Inter Corporate Deposit	1,00,00,879	1,19,00,879
Arun Abhiyantey Pvt Ltd	Inter Corporate Deposit	49,76,636	43,12,886
Arun Abhiyantey Pvt Ltd	Labour Expense	-	-
<b>Balance with related companies/parties</b>		<b>CY 2022-23</b>	<b>PY 2021-22</b>
1. Arun Abhiyantey Private Limited		-	1,20,36,699

## 23. Earnings Per Share(Eps) ( As Per As -20)

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
	Amount (Rs.)	Amount (Rs.)
1. Profit/Loss after tax for the year (Rs.)	(74,63,196)	(52,60,675)
2. Weighted average number of Equity shares for basic Earnings Per Share (nos.)	42,000	42,000
3. Earnings per share (Rs.)	(178)	(125)
4. Weighted average number of Equity shares for diluted Earnings Per Share(nos.)	42,000	42,000
5. Diluted Earnings Per Share	(178)	(125)

## 24. Deferred Tax Assets

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
	Amount (Rs.)	Amount (Rs.)
Deferred tax asset at the beginning of the year	5,62,860	4,17,786
Deferred tax asset at the end of the year	5,14,678	5,62,860
Deferred tax income for the year (reversal of liability)	48,182	(1,45,074)

**Notes forming part of the financial statements as at and for the year ended 31st March 2023  
(SAFESS)**

25. Comparative previous year's figures have been reworked, regrouped and reclassified to the extent possible, wherever necessary to conform to current year's classification and presentation.

As per our attached report of even date

**For and on behalf of the Board of Directors**

**For and on behalf of  
Sanjay & Snehal**  
Chartered Accountants  
Firm Registration No 118160W

**Sanjay T .Tupe**  
Partner  
Membership No. 49623  
Mumbai  
Date : 20th July, 2023  
ICAI UDIN Ref. No:23049623BGVAIW3717

**Vinay Kshirsagar**  
Director  
  
Mumbai  
Date : 20th July, 2023

**Paulson Neelankavil**  
Director

# CASH FLOW STATEMENT

## Cash Flow Statement for the year ended 31st March, 2023 (SAFESS)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount (Rs.)	Amount (Rs.)
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>		
Net profit after tax as per profit And Loss Account	(70,72,857)	(54,05,749)
Adjustments for:		
Depreciation	12,74,952	16,23,795
Interest and Finance Charges	25,93,459	20,50,105
Interest Received on FD	(5,58,963)	(6,73,328)
Interest on IT Refund	(2,74,300)	(75,533)
<b>Operating Profit before working capital changes</b>	<b>(40,37,709)</b>	<b>(24,80,710)</b>
Changes in operating assets and liabilities:		
Adjustments for (increase)/decrease in operating assets		
Inventories	53,36,640	(2,36,931)
Long Term Loans and Advances	42,62,063	(32,05,594)
Trade Receivable	1,45,35,201	(1,35,08,351)
Short Term Loans and Advances	1,80,330	(11,48,969)
Other Current Assets	7,86,440	(5,41,704)
Adjustments for increase/(decrease) in operating liabilities:		
Current Liabilities	(19,46,004)	3,28,193
Trade Payable	(1,49,12,972)	21,46,461
Short Term Provisions	(5,35,354)	14,15,591
Net Cash used in Operating Activities	<b>36,68,635</b>	<b>(1,72,32,013)</b>
Less : Taxes Paid	<b>13,02,054</b>	<b>(35,09,191)</b>
<b>Net Cash used in Operating Activities (A)</b>	<b>49,70,689</b>	<b>(2,07,41,205)</b>
<b>B. CASH FLOW ARISING FROM INVESTING ACTIVITIES</b>		
Fixed Deposit taken	18,28,928	47,94,366
Interest on Investment	5,58,963	6,73,328
Interest on IT Refund	2,74,300	75,533
Purchase of Fixed Assets	(6,71,563)	(9,28,677)
Long Term Borrowings from related parties	(19,00,000)	-
<b>Net cash used in investing activities (B)</b>	<b>90,628</b>	<b>46,14,550</b>

# CASH FLOW STATEMENT

## Cash Flow Statement for the year ended 31st March, 2023 (SAFESS)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Amount (Rs.)	Amount (Rs.)
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES</b>		
Short Term Borrowings from related parties	<b>6,63,750</b>	62,84,171
Credit Facility from Bank	<b>(25,32,608)</b>	86,47,810
Interest and Finance Charges	<b>(25,93,459)</b>	(20,50,105)
<b>Net cash provided by financing activities (C)</b>	<b>(44,62,317)</b>	1,28,81,875
<b>Net decrease in cash and bank balances (A+B+C)</b>	<b>5,99,000</b>	(32,44,780)
Add : Balance at the beginning of the year	<b>2,97,826</b>	35,42,606
<b>Cash and bank balances, end of the year</b>	<b>8,96,826</b>	2,97,826
Represented by		
Cash balances	-	30,302
Bank Balance	<b>8,96,826</b>	2,67,522

As per our attached report of even date

**For and on behalf of the Board of Directors**

**For and on behalf of**  
**Sanjay & Snehal**  
Chartered Accountants  
Firm Registration No 118160W

**Sanjay T .Tupe**  
Partner  
Membership No. 49623  
Mumbai  
Date : 20th July, 2023  
ICAI UDIN Ref. No: 23049623BGVAIW3717

**Vinay Kshirsagar**  
Director  
Mumbai  
Date : 20th July, 2023

**Paulson Neelankavil**  
Director

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105x,3Main,3Cross,StageII,Goraguntepalya Yeshwanthpur Industrial Suburb, Bangalore- 560 022. Phone : +91-80-23578658/23578659 Fax : +91-80-23578655	Office no. 710-711, Neptune Edge, Neptune Campus, Dr. Vikram Sarabhai Marg, Vadiwadi, Vadodara – 390 007.Gujarat. Phone: 0265-4004363
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House#1-2-48/1, C-7A First Floor Street no.03, Kakatiyanagar, Habsiguda, Hyderabad – 500007. Phone: 91-40-27152110 Fax: 91-40-29565201	6th Floor, 52A, Adi Shankaracharya Marg, Opp. Powai Lake, Powai, Mumbai – 400 072. India. Phone : +91 22 30519800
<b>KOLKATA</b>	<b>NEW DELHI</b>
Diamond Heritage, Unit 710 & 711, 7th Floor,16, Strand Road, Kolkata – 700 001. Phone: 91-33-40705183/184/185 Fax: 91-33-40034728	104, Copia Corporate Suites, District Centre, Jasola, New Delhi – 110025 Phone: 91-11-49845600 Fax: 91-11-49845632
<b>PUNE</b>	<b>VISAKHAPATNAM</b>
A-503, 5th Floor, Mayfair Tower No.1, Old Mumbai Pune Road, Wakdewadi, Shivajinagar, Pune – 411 005. Phone: 91-20-66003236/66003260 Fax: 91-20-66003240	D.No.7-18-1, Kirlampudi Layout, Waltair Uplands, VISAKHAPATNAM – 530017 Phone: 91-891-2704319/2523878/877 Fax: 91-891-2754662
<b>ODISHA</b>	<b>RAJASTHAN</b>
Plot No-A-35, PS- Airfield, Palashpalli, Bhubaneswar, Khordha, Odisha, 751020 Phone: +91 674 3585481	1 <sup>st</sup> , 2 <sup>nd</sup> Floor, B-11 G, CEG Tower, Industrial Area, Malviya Nagar, Jaipur, Rajasthan- 302017 Phone: 0141- 4805672
<b>DOHA</b>	
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IATF 16949 Audit by IRQS at INOTRIM, Turkey



ISSPL Testing Services Laboratory, Jaipur



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