

## VXL Instruments Limited

### Notes on accounts forming part of financial statements (Note-38)

#### 1 Company Overview :

VXL Instruments Limited is a Public Limited Company listed in BSE Ltd. The Company is engaged in the business of manufacture and trading of data processing units.

#### 2 Disclosures pursuant to Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise shareholder value.

#### 3 Disclosures pursuant to Ind AS 115 "Revenue from Contracts with Customers"

These Financial Statements of the Company for the period ended 31st March 2019 have been prepared in accordance with Ind AS 115 (Revenue from Contracts with Customers) which has been notified by the Ministry of Corporate Affairs (MCA) vide notification dated 28th March 2018. For the purposes of transition to Ind AS 115, the Company has followed the cumulative effect method, with April 1, 2018 as the transition date.

The transition to Ind AS 115 has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Notes in relation to Ind AS 115 have been applied in preparing the Financial Statements for the period ended 31st March 2019 and the comparative information has not been restated since adjustments have been made in accordance with the cumulative effect method effecting the opening reserves as on April 1, 2018.

The Company recognises revenue at a point-in-time based on the acceptance of the product sold to the Customer. The company had also been following the same methodology for revenue recognition in the erstwhile Ind AS-18 regime. Hence, there is no effect on the other equity presented in the Balance Sheet. There is no Contract Asset as on date, hence all amounts has been classified as Receivables.

#### 4 Disclosure pursuant to Ind AS 12 "Income taxes"

The company has not considered the deferred tax effects on the in accordance with the requirements of this standard as there is no taxable income.

Provision for Income Tax has been created in accordance with the provisions of Income Tax Act, 1961 .

#### 5 Disclosure pursuant to Ind AS 19 "Employee benefits":

##### (a) Leave Salary :

The Company has made provision for leave salary on actuarial valuation basis using the Project Unit Credit Method as per Ind AS 19. These being retirement benefits, an obligation to pay these amounts might arise at the time of resignation / superannuation of the employees. There is no reimbursement receivable against these obligations.

Particulars	As at March 31, 2019	As at March 31, 2018
Number of employees	53	67
Average age (years)	42	42
Average remaining working life (years)	17	16
Present Value of the Obligation at the Beginning	48,10,582	33,97,396
Expenses Recognized in Income Statement	1,23,315	11,76,476
Expenses capitalized/ Impairment to Intangible		
Assets Under Development	-	4,33,716
Benefits Paid	(14,28,052)	(1,97,006)
Present Value of the Obligation at the End	35,05,845	48,10,582
<b>Current liability</b>	<b>15,47,143</b>	<b>28,90,333</b>
<b>Non-Current liability</b>	<b>19,58,702</b>	<b>19,20,249</b>

**Notes on accounts forming part of financial statements (Note - 38)****Financial Assumptions**

Discount rate (per annum)	7.70%	7.45%
Salary growth rate (per annum)	7.00%	7.00%
<b>Demographic Assumptions</b>		
Mortality Rate (as % of IALM 2006-08)	100.00%	100.00%
Normal retirement age	58 years	58 years
Attrition / Withdrawal rates, based on age: (per annum)		
Upto 30 years	5.00%	5.00%
31 to 40 years	3.00%	3.00%
Above 40 years	2.00%	2.00%
Rate of Leave Availment (per annum)	5.00%	5.00%
Rate of Leave Encashment during employment (per annum)	0.00%	0.00%

**(b) Defined contribution plans**

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Company recognised Rs.14,16,791/- (PY : Rs.5,82,641/-) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**(c) Defined benefit plans-Gratuity**

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme Master Policy of the Life Insurance Corporation of India, a defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method as per Ind AS 19, with actuarial valuations being carried out at each balance sheet date.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31.03.2019 :

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Change in benefit obligation</b>		
Projected Obligation at the beginning of the year	91,79,520	78,14,224
Interest Cost	7,01,734	5,81,746
Current Service Cost	4,44,374	3,64,330
Past Service Cost	-	11,86,099
Benefits Paid	(39,14,411)	(2,08,095)
Actuarial (Gain) / Loss	10,99,132	(5,58,784)
Projected Obligation at the end of the year	75,10,349	91,79,520

## VXL Instruments Limited

### Notes on accounts forming part of financial statements (Note-38)

<b>Change in Plan Assets</b>		
Fair Value of the Plan Assets at the beginning of the year	82,46,499	78,68,786
Expected Return on Plan Assets	6,30,409	5,85,808
Employer's Contributions	14,32,047	-
Benefits Paid	(39,14,411)	(2,08,095)
Return on plan assets	80,450	-
Adjustment related to prior year	-	-
Fair Value of the Plan Assets at the end of the year	64,74,994	82,46,499
<b>Excess of (Obligations over Plan Assets) / Plan Assets Over Obligation</b>		
	<b>(10,35,355)</b>	<b>(9,33,021)</b>
Non-Current Liability as per Actuarial Valuation	(10,35,355)	(9,33,021)
Excess Asset maintained with LIC not considered in Actuarial Valuation	-	9,33,021
Current liability	-	-
Net Non-Current Liability	(10,35,355)	-
<b>Expenses Recognized during the period :</b>		
In Income Statement	5,15,699	8,78,796
Expenses capitalized/Impairment to Intangible Assets Under Development	-	6,67,571
In Other Comprehensive Income	10,18,682	(5,58,784)
<b>Components of OCI</b>		
Actuarial (gains) / losses :		
change in financial assumptions	(23,929)	(1,04,630)
experience variance	11,23,061	(4,54,154)
Return on plan assets	(80,450)	-
<b>Total of OCI</b>	<b>10,18,682</b>	<b>(5,58,784)</b>
<b>Category of assets</b>		
100% Insurer Managed Funds	64,74,994	82,46,499
<b>Key Assumptions</b>		
Discount Rate	7.70%	7.65%
Salary Escalation Rate	7.00%	7.00%

#### 6 Disclosure pursuant to Ind AS 32,107 & 109 : Accounting, Presentaion & disclosure of Financial Instruments

##### (i) Financial Assets :

##### (a) Investments :

VXL Instruments Limited, U.K., a subsidiary in which the Company has 60% share holding amounting to Rs. 51,69,261/- has accumulated losses in excess of its total paid up capital. Net receivable from VXL Instruments Limited, U.K., as at 31st March 2019 is Nil (Previous Year : 4,61,72,358 /-) . The company has made provision for doubtful debts and diminution in investments against these receivables and investments. A winding up order was made against the Subsidiary on 7th November 2016. Pursuant to the winding up proceedings the subsidiary was dissolved on March 11, 2018.

**Notes on accounts forming part of financial statements (Note-38)****(b) Trade Receivables :****Ageing Analysis of the Trade Receivables :**

Particulars	0-30 days past due	31-90 days past due	91-180 days past due	> 181 days past due	Total
Net Carrying Amount as on 31-03-2019	33,83,322	2,71,61,935	43,48,507	2,01,32,678	<b>5,50,26,442</b>
Net Carrying Amount as on 31-03-2018	4,89,83,331	8,86,56,051	11,37,20,231	-	<b>25,13,59,613</b>

**(c) Others :**

As per Ind AS 109, the financial instruments are to be presented at Fair Value .Accordingly, the item has been presented as follows :

Particulars	As at March 31, 2019	As at March 31, 2018
Original Amount of deposit	49,00,000	14,00,000
Discount Rate adopted (Max. Available FD rate in the Market)	7%	7%
Carrying Amount of the Asset	43,55,348	13,08,411
Fair Value Adjustment of the deposit through Profit and Loss Statement	98,305	-
Fair Value Adjustment of the deposit through Other Comprehensive Income made	91,589	85,597

**(c) Financial Liabilities :**

It is pertinent to note that there is no material Financial Liability item that needs to be re-stated at Fair Value in accordance with these Standards

**7 Disclosure pursuant to Ind AS 33 "Earnings per share"**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Basic earnings per equity share:</b>		
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	(2,88,10,175)	(1,98,51,418)
Weighted average number of equity shares outstanding for calculating basic earnings per share	1,33,24,800	1,33,24,800
<b>Basic EPS</b>	<b>(2.16)</b>	<b>(1.49)</b>
<b>Diluted EPS</b>	<b>(2.16)</b>	<b>(1.49)</b>

**8 Disclosure pursuant to Ind AS 8 - Disclosure of prior period errors**

There are no material prior period items requiring re-statement or re-classification of the items and figures of the comparative financial statements, during the year.

**9 Voluntary Retirement Benefits :**

During the year , the company has paid Rs.26,79,765 /- (PY: NIL) towards voluntary retirement option offered by the company.

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### Notes on accounts forming part of financial statements (Note-38)

#### 10 Disclosure pursuant to the Micro, Small and Medium Enterprises Development (MSMED) Act 2006.

There have been no claimed transactions during the year with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006.

Particulars	As at March 31, 2019	As at March 31, 2018
1. The Principal and the Interest due thereon as at 31st Mar,2019		
a.) Principal	-	-
b.) Interest	-	-
2. The amounts paid by the Company beyond the appointed day for the period ending 31st Mar,2019		
a.) Principal	-	-
b.) Interest	-	-
3. The Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	-	-
4. The interest accrued and remaining unpaid as at the year ending 31st Mar, 2019	-	-
5. The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

The information has been given in respect of such suppliers on the basis of information available with the Company based on information received from such suppliers.

#### 11 Disclosure pursuant to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates :

##### (a) Value of Imports calculated on CIF basis:

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Raw Materials	9,29,79,884	24,06,15,687
(ii) Components and Spare parts	-	-
(iii) Capital Goods	-	-
<b>Total</b>	<b>9,29,79,884</b>	<b>24,06,15,687</b>

##### (b) Expenditure in Foreign currency on account of :

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Foreign Travel	-	-
(ii) Professional, Consultancy and Foreign Technician Fees	1,78,296	-
(iii) Others	-	-
<b>Total</b>	<b>1,78,296</b>	<b>-</b>

**Notes on accounts forming part of financial statements (Note-38)****12 Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"**

(a) Primary/Secondary Segment reporting :

The risk return profile of the Company's business is determined based on the geographical area in which it operates. Therefore, Geographical Segments have been identified as Primary Segments

(b) Secondary Segments have been identified on the basis of the nature of products manufactured by the Company.

(c) Segment assets and liabilities :

Fixed assets used in the Company's business and liabilities contracted have not been identified to any of the reportable segments as the fixed assets and services are used interchangeably between segments

Description	As at March 31, 2019	As at March 31, 2018
<b>Primary Segments</b>		
<b>(Geographical Segments)</b>		
<u>Segment Revenue</u>		
( a ) Domestic Segment	6,43,90,609	25,71,18,595
( b ) Export Segment	9,28,94,858	20,18,18,855
Net sales/income from operations	15,72,85,467	45,89,37,451
<u>Segment Results</u>		
Domestic	(14,21,352)	2,01,48,125
Overseas	(9,85,218)	1,17,83,018
Segment Results before tax & Finance costs & Exceptional items	(24,06,570)	3,19,31,143
Less :		
Finance Costs	68,94,491	69,86,813
Other unallocable expenditure / (Income)	7,63,75,517	4,47,95,748
Exceptional Items	7,35,12,559	-
Profit / (Loss) Before Tax	(1,21,64,020)	(1,98,51,418)
Less : Provision for Taxes	1,57,19,062	-
<b>Profit / (Loss) After Tax</b>	<b>(2,78,83,082)</b>	<b>(1,98,51,418)</b>
<b>Secondary Segments (Business Segments)</b>		
<u>Revenue (Sales and Services)</u>		
Data Processing Units	15,64,71,273	41,30,75,626
Service Charges	8,14,194	9,35,469
Trading	-	4,49,26,355
<b>Total</b>	<b>15,72,85,467</b>	<b>45,89,37,451</b>

## VXL Instruments Limited

### Notes on accounts forming part of financial statements (Note-38)

#### 13 Disclosure of related parties / related party transactions pursuant to Ind AS - 24 :

<b>(i) Parties where control exists</b>	
<b>Name of the Related Party</b> VXL Instruments Limited (UK)	<b>Nature of Relationship</b> Subsidiary. The Company holds 60% in the nominal value of equity share capital. Subsidiary was dissolved on March 11, 2018.
<b>(ii) Other related parties with whom transactions were carried out during the year</b>	
<b>Name of the Related Party</b> Ksense Technologies Private Limited ELCIA ESDM CLUSTER Priya Limited Sattva eTech Private Limited Priya International Limited Brent Properties Investment Private Ltd	<b>Nature of Relationship</b> Company in which a Director is interested Company in which a Director is interested Company in which a Director is interested Company in which a Director is interested Company in which a Director is interested Company in which a Director is interested
<b>(iii) Key management personnel and their relatives</b>	
N V Maslekar Mr. M.V. Shetty Mr. Madireddy V. Nagaraj Mr. Rishabh Shetty	Director Whole-Time Director Managing Director Son of Mr. M.V. Shetty, Whole Time Director

#### (iv) Related party Transactions :

Particulars	As at March 31, 2019	As at March 31, 2018
<b>1. Transactions</b>		
<b>Sale of Goods</b>		
PRIYALIMITED	14,20,78,150	27,97,26,256
<b>Sale of services</b>		
PRIYA LIMITED - Repairs & Maintenance	1,61,425	3,94,188
Lease Rent - Priya Ltd	1,50,000	-
<b>Sale of motor vehicle</b>		
Mr. Madireddy V. Nagaraj	3,00,000	-
<b>Purchase of Goods</b>		
PRIYALIMITED	4,01,25,620	32,33,34,890
<b>Re-imbursment of Expenses</b>		
PRIYA LIMITED -Service charges	62,892	11,615
Brent Properties Investment Pvt Ltd	4,90,301	6,80,800
<b>Sale of Goods</b>		
PRIYA INTERNATIONAL LIMITED	31,30,834	-
<b>Purchase of Goods</b>		
PRIYA INTERNATIONAL LIMITED	14,48,536	-
<b>Interest on long term borrowings</b>		
PRIYA INTERNATIONAL LIMITED	55,11,414	31,91,178
<b>Remuneration paid to Directors</b>		
Mr. Madireddy V. Nagaraj,	13,85,950	32,30,400
Mr. M.V. Shetty	28,80,000	30,96,000
<b>Sitting Fees</b>		
Sitting fees	3,19,000	2,10,240
<b>Remuneration paid to Related Parties</b>		
Mr. Rishabh Shetty	5,61,953	3,84,340

**Notes on accounts forming part of financial statements (Note-38)**

<b>Professional/Consultancy Charges</b>		
N V Maslekar	6,30,000	-
M V Nagaraj	18,44,983	-
<b>Rent Paid</b>		
Brent Properties Investment Pvt Ltd	18,00,000	18,00,000
<b>Long-Term Borrowings</b>		
Inter Corporate Deposit from Priya International Limited received	76,00,000	2,05,00,000
Inter Corporate Deposit from Priya International Limited re-paid	53,00,000	25,00,000
<b>Advances received</b>		
Brent Properties Investment Pvt Ltd	12,00,000	-
<b>2. Account Balances :</b>		
<b>Non Current Assets - Trade Receivables - Credit Impaired</b>		
VXL Instruments Limited, UK	4,61,72,358	4,61,72,358
Less : Allowance for Bad and Doubtful Debts	4,61,72,358	4,61,72,358
<b>Borrowings- Long Term</b>		
Inter Corporate Deposit from Priya International Limited	6,03,00,000	5,80,00,000
<b>Borrowings- Short Term</b>		
Brent Properties Investment Pvt Ltd	12,00,000	-
<b>Non-current Other financial liabilities</b>		
Rental Deposit received from Priya Limited	50,000	50,000
<b>Current Other Financial liabilities</b>		
Priya International Limited-Interest on ICD	25,38,306	31,20,054
<b>Trade Payables</b>		
Priya Limited	-	42,21,01,204
<b>Trade Receivables</b>		
Priya Limited	2,09,47,359	16,92,09,677
PRIYAINTERNATIONALLIMITED	1,88,356	-
Sattva Etech India Private Limited	6,12,625	6,12,625
VXL Software Solutions Pvt. Ltd	-	7,44,92,691
<b>Non current Investments</b>		
VXL Instruments Limited, UK	51,69,261	51,69,261
Less: Provision for diminution in value of Investments	51,69,261	51,69,261

**14 Disclosures pursuant to Ind AS - 17 " Leases" :**

The Company has taken various residential / commercial premises under operating leases. These lease agreements are normally renewed on expiry. The lease agreements provide an option to the Company to renew the lease period at the end of the period. There are no exceptional / restrictive covenants in the lease agreements. Contingent rent recognized in the Profit and Loss Account Rs. NIL .

Obligations on long-term operating leases:

Particulars	As at March 31, 2019	As at March 31, 2018
Lease rentals recognized during the year	77,01,546	18,00,000



**VXL Instruments Limited****Notes on accounts forming part of financial statements (Note-38)****15 Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "**

<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>(a) Contingent liabilities</b>		
<b>Guarantees</b>		
Counter Guarantees in respect of guarantees issued by Bankers (Covered by 100% Deposits)	33,97,240	41,86,438
<b>Other money for which Company is contingently liable</b>		
(i) Employee Provident Fund Damages, Interest under appeal [Net of Rs. 10,69,469/- deposited with the respective authorities ]	3,36,896	3,36,896
(ii) Central Sales Tax liability under appeal	59,73,220	59,73,220
(iii) Service Tax Liability under dispute on the import of software license sticker labels considered as goods by Customs while importing	12,78,92,260	12,78,92,260
(iv) Cenvat Credit Refund under dispute. Matter under appeal with Commissioner of Central Excise	4,31,734	18,35,026

Sl. No. (i): The Honourable High Court of Karnataka has directed the Assistant Provident Commissioner to consider the grievance of the Company for reducing the penalty.

Sl. No. (ii): Karnataka High Court disposed off the sales tax review petition filed by the assessee with a direction to the Assessing Officer to consider rectification application . Matter is pending before the jurisdictional local vat officer.

Sl. No. (iii) : In respect of Service Tax pending before the Commissioner Appeals and Customs Excise and Service Tax Appellate Tribunal (CESTAT), the Company's Consultants are of the opinion that the Company has good chances of winning the case and hence no provision has been made for the same.

Sl. No. (iv): Disallowance of unutilised cenvat credit for which Company has preferred appeal before Commissioner of Appeals. Pending disposal of appeal, no provision is made.

**16** Figures of the previous year have been re-cast / re-grouped / re-arranged in conformity with the presentation of the current year.

**17** In the opinion of the Board, the current assets, loans & advances, have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**For YCRJ & ASSOCIATES**

Chartered Accountants

Firm's Registration No: 0006927S

For and on behalf of the Board

**Vijayendra R Nayak**

Partner

M. No. 203184

**Vivek Gupta**

Independent Director

DIN : 00025519

**Rakesh Shridas Damani**

Independent Director

DIN : 07580652

Date : 30th May 2019

Place : Bangalore

**Shipra Vyas**

Company Secretary

**Kishan S Rao**

CFO