



**Silvan Innovation Labs  
Private Limited**

**Audited Financial Statement**

**FY 22-23**

**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Silvan Innovation Labs Private Limited**

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Silvan Innovation Labs Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its Profit including Other Comprehensive Income, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ("SA") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Key Audit matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the

---

**OFFICE ADDRESS - 178, 2<sup>ND</sup> FLOOR, RAGHULEELA MALL, KANDIVALI WEST, MUMBAI - 67**



## **JAIN NIKHIL N & CO** **CHARTERED ACCOUNTANTS**

context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **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 Board report, 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 standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these Financial Statements that give a true and fair view of the Financial Position, Financial Performance including Other Comprehensive Income, Cash Flows and the Statement Of Changes in Equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements 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 fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

**OFFICE ADDRESS - 178, 2<sup>ND</sup> FLOOR, RAGHULEELA MALL, KANDIVALI WEST, MUMBAI - 67**



## **JAIN NIKHIL N & CO** **CHARTERED ACCOUNTANTS**

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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.

**OFFICE ADDRESS – 178, 2<sup>ND</sup> FLOOR, RAGHULEELA MALL, KANDIVALI WEST, MUMBAI - 67**



## **JAIN NIKHIL N & CO** **CHARTERED ACCOUNTANTS**

- 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.

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

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

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

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

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

1. As required by the Companies (Auditor's Report) Order, 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 paragraphs 3 and 4 of the Order.
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 appears from our examination of those books;

**OFFICE ADDRESS – 178, 2<sup>ND</sup> FLOOR, RAGHULEELA MALL, KANDIVALI WEST, MUMBAI - 67**



**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

- c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and 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 written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and as represented by the management:
- i. The Company does not have any pending litigations which would impact on 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.
  - iv. (a) Management has represented to us 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, 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")

OFFICE ADDRESS – 178, 2<sup>ND</sup> FLOOR, RAGHULEELA MALL, KANDIVALI WEST, MUMBAI - 67



**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) Management has represented to us that, to the best of it's knowledge and belief no funds have been received by the Company from any person(s) or entity(ies), 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

(c) Based on our audit procedure conducted that are considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (2) (h) (iv) (a) & (b) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

For **JAIN NIKHIL N & CO.**  
Chartered Accountants  
Firm Registration no. 155926W



**Nikhil N Jain**  
**Partner**

Membership No.: 116643

UDIN : 23116643BGXTCN7029



Place : Mumbai

Date : April 24, 2023

**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

**“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS OF SILVAN INNOVATION LABS PRIVATE LIMITED**

**(Referred to in Paragraph 1 under the heading of “Report on other legal and regulatory requirements” of our report of even date)**

- 1) a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment on the basis of available information;  
  
(B) The Company has maintained proper records showing full particulars of intangible assets on the basis of available information.;
  - b) As explained to us, Property, Plant & Equipment have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.;
  - c) According to the information and explanations given to us the Company does not own any immovable properties, Further, immovable properties which are taken on lease, the lease agreements are duly executed by the Company;
  - d) The Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year;
  - e) According to information & explanations and representation given to us by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder;
- 2) a) As explained to us and on the basis of the records examined by us, in our opinion, physical verification of the inventories have been conducted at reasonable intervals by the management and having regard to the size and nature of business of the Company and nature of its inventory, the coverage and procedures of such verification by the management is appropriate. As explained to us and on the basis of the records examined by us, the value of the discrepancies noticed on physical verification by management were not material and did not exceed 10% or more in aggregate of each class of inventory. ;
  - b) As per the books of accounts and records examined by us, no working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets has been sanctioned. Therefore, clause (ii) (b) of Paragraph 3 of the Order is not applicable to the Company;

**OFFICE ADDRESS – 178, 2<sup>ND</sup> FLOOR, RAGHULEELA MALL, KANDIVALI WEST, MUMBAI - 67**





**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

- 3) The Company has not made any investments in or any guarantee or security provided or any loans or advances in the nature of loans, secured or unsecured, hence clause (iii) of Paragraph 3 of the Order is not applicable to the Company.;
- 4) In our opinion and according to the information and explanations provided to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act accordingly provisions of Section 186 of the Act is not applicable to the Company during the year;
- 5) The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the clause (v) of paragraph 3 of the Order is not applicable to the Company;
- 6) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company;
- 7) In respect of Statutory dues :
  - a) According to the records of the Company examined by us, undisputed statutory dues including Goods and Service tax, provident fund, employees' state insurance, income tax, duty of customs, cess and any other material statutory dues have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of the aforesaid dues, which were outstanding as on March 31, 2023 for a period of more than six months from the date they became payable;
  - b) According to the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) which have not been deposited with the appropriate authority on account of any dispute;
- 8) According to the information and explanations given to us and representation given to us by the management, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961);
- 9)
  - a) The Company has not taken any loans or other borrowings from any banks, financial institutions and Government. The Company has taken short term loan from the holding company where there is no default. Hence reporting under clause 3(ix)(a) of the Order is not applicable;
  - b) In our opinion, and according to the information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or other lender;

**OFFICE ADDRESS - 178, 2<sup>ND</sup> FLOOR, RAGHULEELA MALL, KANDIVALI WEST, MUMBAI - 67**



**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

- c) In our opinion, and according to the information and explanations given and records examined by us, the money raised by way of short term loans from holding company have been applied, *prima facie*, for the purpose for which they were obtained;
- d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that, *prima facie*, no funds raised on short-term basis have been used during the year for long-term purposes by the Company;
- e) Since the company does not have any subsidiary, associates or joint ventures, this clause is not applicable to the Company.
- f) Since the company does not have any subsidiary, associates or joint ventures, this clause is not applicable to the Company.
- 10) a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and hence clause (x)(a) of paragraph 3 of the Order is not applicable to the Company;
- b) In our opinion and according to the information and explanations given to us and on the basis of our audit procedures, the Company has complied with requirements of section 42 of the Act with respect to issue of convertible debentures on private placement basis and the funds raised have been used for the purposes for which the funds were raised. Company has not made any preferential allotment of shares however has issued compulsorily convertible debentures during the previous year for which the requirement prescribed under the Companies Act have been complied with. The funds raised were applied for the purpose for which it was raised;
- 11) a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year;
- b) According to the information and explanations given to us, no report under sub-section 12 of section 143 of the Act has been filed by auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year;
- 12) Company is not a Nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company;



**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

- 13) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and their details have been disclosed in the financial statements etc., as required by the applicable accounting standards;
- 14) a) In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013;
- b) Since the Company does not required to have an internal audit system, the provisions of clause (xiv) sub clause (b) of paragraph 3 of the Order are not applicable to the Company;
- 15) According to the information and explanations provided by the management, the Company has not entered into any non-cash transaction with directors or persons connected with him as referred to in Section 192 of the Act;
- 16) a) To the best of our knowledge and as explained, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934;
- b) In our opinion, and according to the information and explanations provided to us and on the basis of our audit procedures, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year as per the Reserve bank of India Act 1934;
- c) In our opinion, and according to the information and explanations provided to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India;
- d) In our opinion, and according to the information and explanations provided to us, the Group has no Core Investment Company (CIC);
- 17) The Company has incurred cash losses of Rs. 3,973.44 thousands in the current financial year and also of Rs. 60,564.75 thousands in the immediately preceding financial year;
- 18) There has been no resignation of the statutory auditors during the year. Therefore, provisions of clause (xviii) of Paragraph 3 of the Order are not applicable to the Company;
- 19) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, continuous financial support from holding company, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable 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



**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

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;

- 20) Since the Company has incurred losses, the Company is not required to contribute towards CSR activities under section 135 of the Act and accordingly clause (xx) of Paragraph 3 of the Order is not applicable to the Company;
- 21) According to information and explanations given to us, Company is not required to prepare the consolidated financial statement under sub section 3 of section 129 of the Act. Therefore, provisions of clause (xxi) of Paragraph 3 of the Order are not applicable to the Company.

For JAIN NIKHIL N & CO.  
Chartered Accountants  
Firm Registration no. 155926W

  
**Nikhil N Jain**  
**Partner**

Membership No.: 116643

UDIN : 23116643 BGXTCN7029



Place : Mumbai

Date : April 24, 2023

**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF SILVAN INNOVATION LABS PRIVATE LIMITED**

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

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to financial over financial reporting of **SILVAN INNOVATION LABS PRIVATE LIMITED** (“the Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over

**OFFICE ADDRESS – 178, 2<sup>ND</sup> FLOOR, RAGHULEELA MALL, KANDIVALI WEST, MUMBAI - 67**



## **JAIN NIKHIL N & CO** **CHARTERED ACCOUNTANTS**

financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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 financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls Over Financial Reporting With Reference To These Financial Statements**

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 authorisations of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference To These Financial Statements**

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

### **Opinion**

**OFFICE ADDRESS – 178, 2<sup>ND</sup> FLOOR, RAGHULEELA MALL, KANDIVALI WEST, MUMBAI - 67**



**JAIN NIKHIL N & CO**  
**CHARTERED ACCOUNTANTS**

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

For JAIN NIKHIL N & CO.  
Chartered Accountants  
Firm Registration no. 155926W

**Nikhil N Jain**  
**Partner**

Membership No.: 116643

UDIN : 23116643BGXTCIV7029



Place : Mumbai  
Date : April 24, 2023

# Silvan Innovation Labs Private Limited

Balance sheet as at 31st March 2023

(₹ in 000)

	Notes	As at 31-Mar-2023	As at 31-Mar-2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	272.78	305.01
Other intangible assets	4	69,076.52	91,885.61
<b>Financial assets</b>			
(a) Trade receivables	5	322.27	414.91
		<b>69,671.57</b>	<b>92,605.53</b>
<b>Current assets</b>			
Inventories	10	1,010.26	5,253.89
<b>Financial assets</b>			
(a) Trade receivables	5	5,034.75	7,178.77
(b) Cash and cash equivalents	7	1,412.96	250.52
(c) Loans	6	-	140.00
Other current assets	9	690.14	1,705.37
Current tax assets (net)	8	1,395.10	1,128.08
		<b>9,543.21</b>	<b>15,656.63</b>
<b>Total assets</b>		<b>79,214.78</b>	<b>1,08,262.16</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	11	10,195.60	10,195.60
(b) Other equity	12	1,596.98	28,289.85
		<b>11,792.58</b>	<b>38,485.45</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(a) Borrowings		-	-
Provisions	17A	1,203.00	6,614.00
		<b>1,203.00</b>	<b>6,614.00</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(a) Borrowings	13	52,000.00	45,500.00
(b) Trade payables	14	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		165.65	2,390.39
(c) Other financial liabilities	15	4,390.82	719.89
Other current liabilities	16	9,568.73	13,426.43
Provisions	17B	94.00	1,126.00
		<b>66,219.20</b>	<b>63,162.71</b>
<b>Total equity and liabilities</b>		<b>79,214.78</b>	<b>1,08,262.16</b>
Corporate information and summary of significant accounting policies	1 & 2		
Contingent liabilities and commitments	27		
Other notes to accounts	28 to 34		

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

As per our report of even date  
For Jain Nikhil N & Co  
Chartered Accountants  
Firm Registration No.:155926W



Nikhil N Jain  
Partner  
Membership No:116643



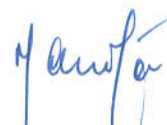
Place: Mumbai  
Date: 24.04.2023

For and on behalf of the Board of Directors of  
Silvan Innovation Labs Private Limited  
CIN:U72900KA2008PTC046964



Ajay Gupta  
Director  
DIN: 09447933

Place: Bengaluru  
Date: 24.04.2023



Manita Carmen A. Gonsalves  
Additional Director  
DIN: 10056440

Place: Mumbai  
Date: 24.04.2023



# Silvan Innovation Labs Private Limited

Statement of Profit & Loss for the year ended 31st March 2023

	Notes	Year ended 31-Mar-23	(₹ in 000) Year ended 31-Mar-22
Revenue from operations	18	21,582.75	22,180.74
Other income	19	11,033.93	52.32
<b>Total income</b>		<b>32,616.68</b>	<b>22,233.06</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	3,978.82	11,010.65
Changes in inventories of finished goods, stock-in-trade and work-in-progress	21	4,239.66	(855.66)
Employee benefits expense	22	11,441.62	44,229.11
Finance costs	23	6,016.47	3,834.38
Depreciation and amortisation expense	24	22,861.42	22,539.44
Other expenses	25	10,842.56	22,282.33
<b>Total expenses</b>		<b>59,380.55</b>	<b>1,03,040.25</b>
<b>Profit before tax</b>		<b>(26,763.87)</b>	<b>(80,807.19)</b>
<b>Tax expenses</b>	8		
Current tax		-	-
Adjustment of tax relating to earlier periods		-	-
Deferred tax (credit)/charge		-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the period</b>		<b>(26,763.87)</b>	<b>(80,807.19)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gains / (losses) on defined benefit plans		71.00	(2,297.00)
Income tax relating to items that will not be reclassified to Profit or Loss		-	-
<b>Items that will be reclassified to profit or loss</b>			
Designated cash flow hedges		-	-
Income tax relating to items that will be reclassified to Profit or Loss		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>71.00</b>	<b>(2,297.00)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(26,692.87)</b>	<b>(83,104.19)</b>
<b>Earnings per share</b>	26		
Basic (Face value ₹100 each)		(261.81)	(815.10)
Diluted (Face value ₹100 each)		(261.81)	(815.10)
<b>Weighted average equity shares used in computing earnings per equity</b>	26		
Basic		1,01,956	1,01,956
Diluted		1,01,956	1,01,956
Corporate information and summary of significant accounting policies	1 & 2		
Contingent liabilities and commitments	27		
Other notes to accounts	28 to 34		

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

As per our report of even date  
For Jain Nikhil N & Co  
Chartered Accountants  
Firm Registration No.:155926W

For and on behalf of the Board of Directors of  
Silvan Innovation Labs Private Limited  
CIN:U72900KA2008PTC046964

**Nikhil N Jain**  
Partner  
Membership No:116643



**Ajay Gupta**  
Director  
DIN: 09447933

**Manita Carmen A. Gonsalves**  
Additional Director  
DIN: 10056440

Place: Mumbai  
Date: 24.04.2023

Place: Bengaluru  
Date: 24.04.2023

Place: Mumbai  
Date: 24.04.2023

Silvan Innovation Labs Private Limited  
Statement of Changes in Equity for the year ended 31 March 2023

A) Equity Share Capital (Refer note 11)

(₹ in 000)

	31-Mar-23	31-Mar-22
Balance at the beginning of the year	10,195.60	10,195.60
Balance at the end of the year	10,195.60	10,195.60

B) Other Equity (Refer note 12)

(₹ in 000)

	Reserves & Surplus					Total Other Equity
	Securities Premium	Compulsorily convertible preference shares	Compulsorily convertible debentures	Retained Earnings	Items of Other comprehensive income (OCI)	
As at 31 March 2021	2,65,964.34	8,892.57	-	(2,41,916.87)	384.00	33,324.04
Profit/(loss) after tax for the year	-	-	-	(80,807.19)	-	(80,807.19)
Items of OCI for the year, net of tax	-	-	-	-	-	-
Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	(2,297.00)	(2,297.00)
Compulsorily convertible debentures issued during the year	-	-	78,070.00	-	-	78,070.00
<b>As at 31 March 2022</b>	<b>2,65,964.34</b>	<b>8,892.57</b>	<b>78,070.00</b>	<b>(3,22,724.06)</b>	<b>(1,913.00)</b>	<b>28,289.85</b>
Loss after tax for the year	-	-	-	(26,763.87)	-	(26,763.87)
Items of OCI for the quarter, net of tax	-	-	-	-	-	-
Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	71.00	71.00
<b>As at 31 March 2023</b>	<b>2,65,964.34</b>	<b>8,892.57</b>	<b>78,070.00</b>	<b>(3,49,487.93)</b>	<b>(1,842.00)</b>	<b>1,596.98</b>

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

28 to 34

As per our report of even date  
For Jain Nikhil N & Co  
Chartered Accountants  
Firm Registration No.:155926W

For and on behalf of the Board of Directors of  
Silvan Innovation Labs Private Limited  
CIN:U72900KA2008PTC046964

**Nikhil N Jain**  
Partner  
Membership No.116643

Place: Mumbai  
Date: 24.04.2023



**Ajay Gupta**  
Director  
DIN: 09447933

Place: Bengaluru  
Date: 24.04.2023

**Manita Carmona A. Gonsalves**  
Additional Director  
DIN: 10056440

Place: Mumbai  
Date: 24.04.2023

**Silvan Innovation Labs Private Limited**  
Statement of Cash flows for the year ended 31 March 2023

(₹ in 000)

	Year ended 31-Mar-2023	Year ended 31-Mar-2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	(26,763.87)	(80,807.19)
Adjustments for:		
Depreciation and amortisation expense	22,861.42	22,539.44
Impairment allowance for trade receivable (net)	(460.52)	434.52
Finance cost	6,016.47	3,834.38
<b>Operating profit/(loss) before working capital changes</b>	<b>1,653.50</b>	<b>(53,998.85)</b>
<b>Movements in working capital:</b>		
(Increase)/ Decrease in trade receivables and other financial assets	2,109.64	(5,330.48)
(Increase)/ Decrease in inventories (net)	4,243.63	1,117.25
Increase/ (Decrease) in trade payable, financial liabilities and provisions	(12,389.54)	(35,135.82)
<b>Cash (used in)/generated from operations</b>	<b>(4,382.77)</b>	<b>(93,347.90)</b>
Income tax paid (net of refunds)	-	868.88
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(4,382.77)</b>	<b>(92,479.02)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and Intangible assets including under development	(49.03)	(2,490.88)
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(49.03)</b>	<b>(2,490.88)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of compulsorily convertible debentures	-	78,070.00
(Repayment) / Proceeds of short term borrowings (Refer note below)	6,500.00	20,001.21
Interest and other finance cost paid	(905.76)	(3,114.49)
<b>Net cash generated from financing activities (C)</b>	<b>5,594.24</b>	<b>94,956.72</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,162.44</b>	<b>(13.20)</b>
Cash and cash equivalents at the beginning of the period	250.52	263.72
<b>Cash and cash equivalents at end of the period</b>	<b>1,412.96</b>	<b>250.52</b>

**Note on Reconciliation of movement in borrowings to cash flows from financing activities**

	31-Mar-2023	31-Mar-2022
Opening Balance	45,500.00	25,498.79
(Repayment) / Proceeds of short term borrowings	6,500.00	20,001.21
<b>Closing Balance</b>	<b>52,000.00</b>	<b>45,500.00</b>

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

As per our report of even date  
For Jain Nikhil N & Co  
Chartered Accountants  
Firm Registration No.:155926W



**Nikhil N Jain**  
Partner  
Membership No:116643



Place: Mumbai  
Date: 24.04.2023

For and on behalf of the Board of Directors of  
Silvan Innovation Labs Private Limited  
CIN:U72900KA2008PTC046964



**Ajay Gupta**  
Director  
DIN: 09447933

Place: Bengaluru  
Date: 24.04.2023



**Manita Carmen A. Gonsalves**  
Additional Director  
DIN: 10056440

Place: Mumbai  
Date: 24.04.2023

# Silvan Innovation Labs Private Limited

## Notes to Financial Statements for the year ended 31 March 2023

### 1. Corporate information

The Company (CIN: U72900KA2008PTC046964) was incorporated on June 30, 2008 to facilitate development and maintenance of business and software applications on all popular and mainframe and minicomputer platforms and to carry on the work of development of software and related services in all kinds. The registered office of the Company is situated at Village Narpura, Taluka Halol, Gujarat. Polycab India Limited has acquired 100% shareholding of the Company from existing shareholders pursuant to share purchase agreement dated 18 June 2021.

The Board of Directors approved the audited financial statements for the year ended 31 March 2023 and authorised for issue on 24 April 2023.

### 2. Summary of significant accounting policies

#### A) Basis of preparation

##### i Statement of Compliance:

The audited financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] on accrual basis and other relevant provisions of the Act. Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III, applicable Ind AS, other applicable pronouncements and regulations.

##### ii Basis of Measurement:

The financial statements for the year ended 31 March 2023 have been prepared on an accrual basis and a historical cost convention, except for some of the financial assets and liabilities which have been measured at fair value or amortised cost at the end of each reporting year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received from sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

##### iii Classification of Current / Non-Current Assets and Liabilities:

The Company presents assets and liabilities in the Balance sheet based on current / non-current classification. It has been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Operating Cycle:

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

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

##### iv Functional and Presentation Currency:

These financial statements are presented in Indian Rupees (₹) which is the functional currency of the Company. All amounts disclosed in the financial statements which also include the accompanying notes have been rounded off to the nearest thousand up to two decimal places, as per the requirement of Schedule III to the Companies Act 2013, unless otherwise stated.

#### B) Use of estimates and judgements

The preparation of financial statements require to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company uses the following critical accounting estimates in preparation of its financial statements:



## Silvan Innovation Labs Private Limited

### Notes to Financial Statements for the year ended 31 March 2023

#### i Revenue Recognition:

The Company applied judgements that significantly affect the determination of the amount and timing of revenue from contracts at a point in time with customers, such as identifying performance obligations in a sales transactions. The Company allocated the portion of the transaction price to goods based on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In respect of long term contracts significant judgments are used in:

- (a) Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.
- (b) Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

#### ii Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in current and future periods.

#### iii Provisions

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

#### iv Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized. Contingent assets are neither recognised nor disclosed in the financial statements.

#### v Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### vi Foreign Currency Transactions / Translations

Transactions in currencies other than Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of transaction. At the end of the reporting period, monetary items denominated in foreign currencies are reported using the exchange rate prevailing as at reporting date. Non-monetary items denominated in foreign currencies which are carried in terms of historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at the exchange rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

#### vii Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

#### viii Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If an indication exists, or when the annual impairment testing of the asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-generating-unit's (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from the other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered as impaired and it's written down to its recoverable amount.

The Company estimates the value-in-use of the Cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset/ CGU.

#### ix Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.



## Silvan Innovation Labs Private Limited

### Notes to Financial Statements for the year ended 31 March 2023

#### x Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

#### C) Significant Accounting Policies

##### i Revenue recognition

The Company applies IND AS 115 which establishes a five-step model to account for revenue arising from contracts with customers.

##### Measurement of Revenue

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, incentive schemes, if any, as per contracts with customers. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer. Taxes collected from customers on behalf of Government are not treated as Revenue.

##### Sale of goods

Revenue from contracts with customers involving sale of products is recognized at a point in time when control of the product has been transferred at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, and there are no unfulfilled obligation that could affect the customer's acceptance of the products and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. At contract inception, the Company assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue from contracts with customers is recognized when control of goods or services are transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

##### Other income

Other income is comprised primarily of interest income, dividend income, gain on investments and exchange gain on forward contracts and on translation of other assets and liabilities.

Interest income on financial asset measured either at amortised cost or FVTPL is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

##### Foreign Currency

The Company's Financial Statements are presented in Indian rupee (₹) which is also the Company's functional currency. Foreign currency transaction are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

##### Measurement of foreign currency item at the Balance sheet date:

- (i) Foreign currency monetary assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing on the reporting date.
- (ii) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- (iii) **Exchange differences:**  
Exchange differences arising on settlement or translation of monetary items are recognised as income or expense in the Statement of Profit & Loss.

##### Warranty

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. In certain contracts, the Company provides warranty for an extended period of time and includes rectification of defects that existed at the time of sale and are normally bundled together with the main contract.



## Silvan Innovation Labs Private Limited

### Notes to Financial Statements for the year ended 31 March 2023

#### ii Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Capitalisation of costs in the carrying amount of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the Company. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. Incomes and expenses related to the incidental operations not necessary to bring the item to the location and the condition necessary for it to be capable of operating in the manner intended by the Company are recognized in the Statement of profit and loss. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit & Loss for the year in which such expenses are incurred.

Gains or losses arising from derecognition of property, plant and equipments are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit & Loss when the asset is derecognized.

Capital work-in-progress comprises of property, plant and equipment that are not ready for their intended use at the end of reporting period and are carried at cost comprising direct costs, related incidental expenses, other directly attributable costs and borrowing costs.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising on disposal of property, plant and equipment is recognized in the Statement of Profit and Loss. Once the assets classified as held-for-sale, property, plant and equipment are no longer depreciated.

Depreciation on Property, plant and equipment's is calculated on pro rata basis on straight-line method using the management assessed useful lives of the assets which is in line with the manner prescribed in Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively. Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Borrowing cost incurred for constructed assets is capitalised up to the date by which asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. All other borrowing costs are expensed in the period they occur.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Transition to Ind AS: On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2020 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment.

#### iii Lease

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

#### iv Intangible Assets

Intangible assets acquired are reported at cost less accumulated amortization and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Amortisation on intangible assets is calculated on pro rata basis on straight-line method using the useful lives of the assets and in the manner prescribed in Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of amortisation of Intangible assets are reviewed at each financial year end and adjusted prospectively.

Expenditure on research and development activities is recognized in the Statement of Profit and Loss as incurred. Development expenditure is capitalized as part of cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses, if any. The research and development cost has been amortized on pro rata basis on straight-line method using the useful lives of the assets i.e 5 years.



## Silvan Innovation Labs Private Limited

### Notes to Financial Statements for the year ended 31 March 2023

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

Transition to Ind AS: On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible Assets recognised as at 1 April 2020 measured as per the previous GAAP and used that carrying value as the deemed cost of the Intangible Assets.

#### v Income taxes

Income tax expenses comprise current tax and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Income tax received / receivable pertains to prior period recognised when reasonable certainty arise for refund acknowledged by the Income-tax department. Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted at the reporting date. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognises unrecognized deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and 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.

#### vi Inventories

Raw materials, traded goods, work in progress, finished goods and stores and spares are valued at lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, and stores and spares is determined on a First In-First Out (FIFO) basis and includes all applicable costs, including inward freight, incurred in bringing goods to their present location and condition.

Work-in-progress and finished goods are valued at lower of cost or net realizable value. Cost includes direct materials as aforesaid, direct labour cost and a proportion of manufacturing overheads based on total manufacturing overheads to raw materials consumed.

Stock -in-trade are valued at lower of cost and or realizable value. Cost includes cost of purchase and includes all applicable costs, including inward freight, incurred in bringing the inventories at their location and condition. Cost is determined on a weighted average basis.

The stocks of scrap materials have been taken at net realisable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.





**Silvan Innovation Labs Private Limited**  
**Notes to Financial Statements for the year ended 31 March 2023**

**vii Provisions**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit & Loss. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision is recognised for expected warranty claims and after sales services when the product is sold or service provided to the customer, based on past experience of the level of repairs and returns. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within warranty period after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales levels and current information available about returns during the warranty period for all products sold.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

**viii Borrowing cost**

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalised as part of cost of such asset until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

**ix Earnings per share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as fresh issue, bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**x Contingent Liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial Statements.

**xi Segment**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. The Company's chief operating decision maker is the Executive Director.

The Board of directors monitors the operating results of all product segments separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators by business segments and geographic segments.



**Silvan Innovation Labs Private Limited**  
**Notes to Financial Statements for the year ended 31 March 2023**

**xii Employee benefits**

**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**Other long-term employee benefit obligations**

**Defined contribution plan**

Provident Fund: Contribution towards provident fund 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 which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme 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 which are charged to the Statement of Profit and Loss.

**Defined benefit plans**

The Company provides for retirement benefits in the form of Gratuity. Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the Balance Sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment an amount equivalent to 15 days basic salary for each completed year of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the Balance Sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation or change in return of the plan assets is recognized as an income or expense in the Statement of Profit and Loss. The expected return on plan assets is based on the assumed rate of return of such assets. The Company contributes to a fund set up by Life Insurance Company of India.

**xiii Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**(i) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit & Loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified at the initial recognition as financial assets measured at fair value or as financial assets measured at amortised cost.

**(ii) Subsequent measurement**

**For purposes of subsequent measurement, financial assets are classified in two broad categories:**

(a) Financial assets at amortised cost

(b) Financial assets at fair value

Where assets are measured at fair value, gains and losses are either recognised entirely in the Statement of Profit & Loss (i.e. fair value through Statement of Profit & Loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

**(a) Financial assets carried at amortised cost**

A financial assets that meets the following two conditions is measured at amortised cost (net of impairment) unless the asset is designated at fair value through Statement of Profit & Loss under the fair value option.

(i) **Business Model test:** The objective of the Company's business model is to hold the financial assets to collect the contractual cash flow (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

(ii) **Cash flow characteristics test:** The contractual terms of the financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

**(b) (i) Financial assets at fair value through other comprehensive income**

Financial assets is subsequently measured at fair value through other comprehensive income if it is held with in a business model whose objective is achieved by both collections contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dated to cash flows that are solely payments of principal and interest on the principal amount outstanding.



## Silvan Innovation Labs Private Limited

### Notes to Financial Statements for the year ended 31 March 2023

For equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

#### (ii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through Statement of Profit & Loss.

#### (iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised

(a) The rights to receive cash flows from the asset have expired, or

(b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it

The Company discloses analysis of the gain or loss recognised in the statement of profit and loss arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets.

#### (iv) Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for the following:

(a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

(b) The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and contract assets.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company recognises an allowance for ECL for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.



## Silvan Innovation Labs Private Limited

### Notes to Financial Statements for the year ended 31 March 2023

As a practical expedient, the Company uses the provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and its adjusted forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) during the period is recognized as other expense in the Statement of Profit & Loss.

#### xiv Financial Liabilities

##### (i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, lease liabilities and derivative financial instruments.

##### (ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

###### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

###### (b) Gains or losses on liabilities held for trading are recognised in the profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

###### (c) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method.

##### (iii) Embedded Derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

##### (iv) Derecognition

(a) A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(b) Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

#### xv Cash Flow Statement

Cashflows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cashflows. The cash flows from operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand, cheques in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.



# Silvan Innovation Labs Private Limited

## Notes to Financial Statements for the year ended 31 March 2023

### D) New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022. The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated 23 March 2022, to amend the following Ind AS which are effective from 01 April 2022.

#### (i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. The Company did not have any significant impact on the financial statements due to this amendment.

#### (ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. The exception requires entities to apply the criteria in Ind AS 37 or Appendix C, Levies, of Ind AS 37, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the standalone financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

#### (iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. These amendments had no impact on the standalone financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

#### (iv) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the standalone financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

### E) Recent Indian Accounting Standards (Ind AS) issued not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

#### Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.



Silvan Innovation Labs Private Limited  
Notes to Financial Statements for the year ended 31 March 2023

**3. Property, plant and equipment**

The changes in the carrying value of Property, plant and equipment for the year ended 31 March 2023 are as follows:

	Computers	Furniture and fixtures	Office equipments	Total
	(₹ in 000)			
<b>Gross carrying value (at cost)</b>				
As at 01 April 2022	2,298.13	687.31	636.34	3,621.78
Additions	-	49.03	-	49.03
Disposals/Adjustments	(420.44)	-	(137.89)	(558.33)
<b>As at 31 March 2023</b>	<b>1,877.69</b>	<b>736.34</b>	<b>498.46</b>	<b>3,112.48</b>
<b>Accumulated depreciation</b>				
As at 01 April 2022	2,159.97	549.52	607.28	3,316.77
Depreciation charge for the period	8.87	43.47	-	52.34
Disposals/Adjustment	(398.42)	-	(130.99)	(529.42)
<b>As at 31 March 2023</b>	<b>1,770.41</b>	<b>592.99</b>	<b>476.29</b>	<b>2,839.70</b>
<b>Net carrying value</b>				
<b>As at 31 March 2023</b>	<b>107.27</b>	<b>143.35</b>	<b>22.17</b>	<b>272.78</b>

The changes in the carrying value of Property, plant and equipment for the year ended 31 March 2022 are as follows:

	Computers	Furniture and fixtures	Office equipments	Total
	(₹ in 000)			
<b>Gross carrying value (at cost)</b>				
As at 01 April 2021	2,270.13	730.06	975.05	3,975.24
Additions	28.00	-	-	28.00
Disposals/Adjustments	-	(42.75)	(338.71)	(381.46)
<b>As at 31 March 2022</b>	<b>2,298.13</b>	<b>687.31</b>	<b>636.34</b>	<b>3,621.78</b>
<b>Accumulated depreciation</b>				
As at 01 April 2021	2,155.62	542.59	924.72	3,622.92
Depreciation charge for the year	4.35	49.36	12.61	66.32
Disposals/Adjustment	-	(42.43)	(330.05)	(372.48)
<b>As at 31 March 2022</b>	<b>2,159.97</b>	<b>549.52</b>	<b>607.28</b>	<b>3,316.77</b>
<b>Net carrying value</b>				
<b>As at 31 March 2022</b>	<b>138.16</b>	<b>137.79</b>	<b>29.06</b>	<b>305.01</b>



4. Other intangible assets

The changes in the carrying value of Intangible assets for the year ended 31 Mar 2023 are as follows:

	(₹ in 000)
	<b>Technology Software</b>
Gross carrying value (at cost)	
As at 01 April 2022	1,69,744.90
Additions	-
Disposals/Adjustments	-
<b>As at 31 March 2023</b>	<b>1,69,744.90</b>
Accumulated amortization	
As at 01 April 2022	77,859.29
Amortisation charge for the year	22,809.09
Disposals/ Adjustments	-
<b>As at 31 March 2023</b>	<b>1,00,668.38</b>
Net carrying value	
<b>As at 31 March 2023</b>	<b>69,076.52</b>

The changes in the carrying value of Intangible assets for the year ended 31 March 2022 are as follows:

	(₹ in 000)
	<b>Technology Software</b>
Gross carrying value (at cost)	
As at 01 April 2021	1,63,782.02
Additions	5,962.88
Disposals	-
<b>As at 31 March 2022</b>	<b>1,69,744.90</b>
Accumulated amortization	
As at 01 April 2021	55,386.16
Amortisation charge for the year	22,473.13
Disposals/ Adjustments	-
<b>As at 31 March 2022</b>	<b>77,859.29</b>
Net carrying value	
<b>As at 31 March 2022</b>	<b>91,885.61</b>

5. Trade receivables

	(₹ in 000)	
	31-Mar-23	31-Mar-22
<b>Unsecured (at amortised cost)</b>		
<b>Non-Current</b>		
Trade receivables - Considered Good	322.27	414.91
Trade receivables - Credit Impaired	-	-
<b>Trade receivables (Gross)</b>	<b>322.27</b>	<b>414.91</b>
Less: Impairment allowance for trade receivables - Credit Impaired	-	-
<b>Non-Current Trade receivables (Net)</b>	<b>322.27</b>	<b>414.91</b>
<b>Current</b>		
Trade receivables - Considered Good	5,034.75	7,178.77
Trade receivables - Credit Impaired	112.53	2,389.85
<b>Trade receivables (Gross)</b>	<b>5,147.28</b>	<b>9,568.62</b>
Less: Impairment allowance for trade receivables - Credit Impaired	(112.53)	(2,389.85)
<b>Current Trade receivables (Net)</b>	<b>5,034.75</b>	<b>7,178.77</b>

The following table summarizes the change in impairment allowance measured using the life time expected credit loss model:

	(₹ in 000)	
	31-Mar-23	31-Mar-22
<b>At the beginning of year</b>	<b>(2,389.85)</b>	<b>(15,783.52)</b>
Provision during the year	-	-
Provision written back	2,277.32	13,393.67
<b>At the end of the year</b>	<b>(112.53)</b>	<b>(2,389.85)</b>

Notes:-

- (a) Trade receivables are usually non-interest bearing and are generally on credit terms up to 90 days. The Company's term includes charging of interest for delayed payment beyond agreed credit days. Company entities charge interest for delayed payments in certain cases depending on factors, such as, market conditions and past realisation trend.
- (b) The Company follows life time expected credit loss model. Accordingly, deterioration in credit risk is not required to be evaluated annually.
- (c) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (d) There are no unbilled receivables, hence the same is not disclosed in the ageing schedule as below.
- (e) Trade receivables ageing schedule

	Not due	Outstanding for following periods from due date of payment					TOTAL
		Less than 6 months	More than 6 months to 12 months	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	-	3,960.04	1,396.97	-	-	-	5,357.01
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	18.00	-	58.80	-	35.74	112.53
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
	-	<b>3,978.04</b>	<b>1,396.97</b>	<b>58.80</b>	<b>-</b>	<b>35.74</b>	<b>5,469.54</b>
Less: Impairment allowance for trade receivables- Credit Impaired							(112.53)
<b>Total trade receivable (net)</b>							<b>5,357.01</b>



Silvan Innovation Labs Private Limited  
Notes to Financial Statements for the year ended 31 March 2023

As at 31 March 22

	Not Due	Outstanding for following periods from due date of payment					TOTAL
		Less than 6 months	More than 6 months to 12 months	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	-	5,085.46	2,508.21	-	-	-	7,593.67
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	2,373.23	16.63	-	-	2,389.86
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
		5,085.46	4,881.44	16.63	-	-	9,983.53
Less: Impairment allowance for trade receivables- Credit Impaired							(2,389.85)
<b>Total trade receivable (net)</b>							<b>7,593.68</b>

6. Loans

Loans - Current

At amortised cost  
Loans to employees  
Unsecured, considered good

		₹ in 000	
		31-Mar-23	31-Mar-22
		-	140.00
		-	140.00

7. Cash and cash equivalents

Cash and cash equivalents (at amortised cost)

Balances with banks  
In current accounts

		₹ in 000	
		31-Mar-23	31-Mar-22
		1,412.96	250.52
		<b>1,412.96</b>	<b>250.52</b>

There is no repatriation restriction with regard to cash and cash equivalents at the end of the year and prior periods.

8. Income taxes

A Income tax expense in the statement of profit and loss: NIL for the current year and year ended 31 March 2022

B Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate: Since the Company has incurred losses in the current year and previous financial year, reconciliation of tax expenses is not required.

C The details of Non-current/ (Current) tax assets /(liabilities) as at 31 March 2023:

Non-current tax assets (net of provision for taxation)  
Current tax asset (net of advance tax)

Net current income tax asset / (liability) at the end

		₹ in 000	
		31-Mar-23	31-Mar-22
		-	-
		1,395.10	1,128.08
		<b>1,395.10</b>	<b>1,128.08</b>

D The movement in gross deferred tax assets and liabilities

For the year ended 31 March 2023

Deferred tax assets / (liabilities) in relation to  
Property, plant and equipment and intangible assets  
Provision for employee benefits  
Unabsorbed depreciation  
**Total deferred tax assets / (liabilities)**

				₹ in 000
Carrying value as at 01 April 2022	Changes through profit and loss	Changes through OCI	Carrying value as at 31 March 2023	
798.15	(3,001.94)	-	(2,203.79)	
2,012.40	(1,623.30)	-	389.10	
30,491.47	20,263.30	-	50,754.77	
<b>33,302.02</b>	<b>15,638.07</b>	<b>-</b>	<b>48,940.09</b>	

For the year ended 31 March 2022

Deferred tax assets / (liabilities) in relation to  
Property, plant and equipment and intangible assets  
Provision for employee benefits  
Unabsorbed depreciation  
**Total deferred tax assets / (liabilities)**

				₹ in 000
Carrying value as at 01 April 2021	Changes through profit and loss	Changes through OCI	Carrying value as at 31 March 2022	
3,162.84	(2,364.69)	-	798.15	
1,941.94	70.46	-	2,012.40	
5,739.13	24,752.34	-	30,491.47	
<b>10,843.91</b>	<b>22,458.11</b>	<b>-</b>	<b>33,302.02</b>	





Silvan Innovation Labs Private Limited

Notes to Financial Statements for the year ended 31 March 2023

**8. Income taxes**

**E Reconciliation of deferred tax assets/ liabilities (net):**

	(₹ in 000)	
	31-Mar-23	31-Mar-22
Net deferred tax asset / (liability) at the beginning	33,302.02	10,843.91
Tax (income)/expense due to tax rate change (reinstatement of Opening Balance)	-	-
Tax (income)/expense on adjustment of tax relating to earlier year	-	-
Tax (income)/expense recognised in profit or loss	15,638.07	22,458.11
Tax (income)/expense recognised in OCI	-	-
<b>Net deferred tax asset / (liability) at the end</b>	<b>48,940.09</b>	<b>33,302.02</b>

**Notes:-**

As of 31 March, 2023, the Company has net deferred tax assets of Rs 48,940.09 thousands (Previous year Rs 33,303.02 thousand). In the absence of convincing evidences that sufficient future taxable income will be available against which deferred tax assets can be realised, the same has not been recognised in the books of account in line with Ind - AS 12 on Income Taxes.

**F Tax losses and Tax credits**

The Company has brought forward business losses of ₹ 1,99,144.93 (₹ in 000) on which neither deferred tax credit has been recognised nor is considered for disclosure under note 8D above.

**9. Other assets**

	(₹ in 000)	
	31-Mar-23	31-Mar-22
<b>Advances other than capital advances, Unsecured, considered good</b>		
Advances for materials and services	365.28	131.06
<b>Others</b>		
<b>Unsecured, considered good</b>		
Prepaid expenses	18.93	100.71
Balances with statutory/government authorities	164.01	1,235.21
Others	141.92	238.39
	<b>690.14</b>	<b>1,705.36</b>

**10. Inventories**

	(₹ in 000)	
	31-Mar-23	31-Mar-22
Raw materials	16.14	20.12
Finished goods	715.60	4,283.32
Stock-in-trade	278.51	950.45
	<b>1,010.26</b>	<b>5,253.89</b>

**11. Equity Share capital**

	(₹ in 000)	
	31-Mar-23	31-Mar-22
<b>Authorised share capital</b>		
1,80,392 (previous year 1,80,392) equity shares of Rs.100 each	18039.20	18039.20
3,00,000 (previous year 3,00,000) 0.1% Compulsorily convertible preference shares of Rs 10 each	3000.00	3000.00
1,451 (previous year 1,451) 0.1% Compulsorily convertible preference shares of Rs 200 each (Class A1)	290.20	290.20
4,353 (previous year 4,353) 0.1% Compulsorily convertible preference shares of Rs 200 each (Class A2)	870.60	870.60
14,000 (previous year 14,000) 0.1% Compulsorily convertible preference shares of Rs 200 each (Class A3)	2800.00	2800.00
25,000 (previous year 25,000) 0.1% Compulsorily convertible preference shares of Rs 200 each (Class B)	5000.00	5000.00
	<b>30000.00</b>	<b>30000.00</b>
<b>Issued, subscribed and fully paid-up shares</b>		
1,01,956 (previous year 1,01,956) equity shares of Rs.100 each	10,195.60	10,195.60
	<b>10,195.60</b>	<b>10,195.60</b>

**Note:**

(a) The reconciliation of shares outstanding and the amount of share capital as at 31 March 2023 and 31 March 2022 are as follow:

	31-Mar-23		31-Mar-22	
	Number of Shares	Amount	Number of Shares	Amount
At the beginning of the year	1,01,956.00	10,195.60	1,01,956.00	10,195.60
Add: Shares issued during the year	-	-	-	-
At the end of the year	<b>1,01,956.00</b>	<b>10,195.60</b>	<b>1,01,956.00</b>	<b>10,195.60</b>

(b) **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) **The details of Shareholding of Promoters and shareholders holding more than 5% shares are as under as at 31 March 2023 and 31 March 2022**

	31-Mar-23		31-Mar-22	
	Number of Shares	Total share	Number of Shares	Total share
Polycab India Limited	1,01,956.00	100.00%	1,01,956.00	100.00%



Silvan Innovation Labs Private Limited

Notes to Financial Statements for the year ended 31 March 2023

11. Equity Share capital

(d) Aggregate number of bonus share issued and share issued for consideration other than cash during the period of 5 years immediately preceding the reporting date :

There were no buy back of shares or issue of shares pursuant to contract without payment being received in cash during the previous 5 years

(e) Dividend

The Company has not declared any dividend during the year ended 31 March 2023 and during the previous year.

12. Other equity

	(₹ in 000)	
	31-Mar-23	31-Mar-22
Securities premium	2,65,964.34	2,65,964.34
2,91,177 (previous year 2,91,177) 0.1% Compulsorily convertible preference shares of Rs 10 each (Class A)	2,911.77	2,911.77
1,451 (previous year 1,451) 0.1% Compulsorily convertible preference shares of Rs 200 each (Class A1)	290.20	290.20
4,353 (previous year 4,353) 0.1% Compulsorily convertible preference shares of Rs 200 each (Class A2)	870.60	870.60
13,236 (previous year 14,000) 0.1% Compulsorily convertible preference shares of Rs 200 each (Class A3)	2,647.20	2,647.20
10,864 (previous year 25,000) 0.1% Compulsorily convertible preference shares of Rs 200 each (Class B)	2,172.80	2,172.80
0.01% Compulsorily convertible debentures	78,070.00	78,070.00
Retained earnings	(3,49,032.94)	(3,22,340.07)
	<b>3,893.97</b>	<b>30,586.84</b>

Notes:

a Compulsorily convertible preference shares (CCPS)

Series A compulsorily convertible preference shares (CCPS)

The series A compulsorily convertible preference shares shall be convertible into fully paid equity shares at the option of the holder at any time or automatically after the expiry of 19 years from the date of allotment in the conversion ratio of 10:1

Series A1 compulsorily convertible preference shares (CCPS)

The series A1 compulsorily convertible preference shares shall be convertible into fully paid equity shares at the option of the holder at any time or automatically after the expiry of 19 years from the date of allotment in the conversion ratio of 1:1

Series A2 compulsorily convertible preference shares (CCPS)

The series A2 compulsorily convertible preference shares shall be convertible into fully paid equity shares at the option of the holder at any time or automatically after the expiry of 19 years from the date of allotment in the conversion ratio of 1:1

Series A3 compulsorily convertible preference shares (CCPS)

The series A3 compulsorily convertible preference shares shall be convertible into fully paid equity shares at the option of the holder at any time or automatically after the expiry of 19 years from the date of issuance in the conversion ratio of 1:1

The holders of series A3 preference shares shall be entitled to attend the meetings of all shareholders of the company and will be entitled to such voting rights on an as if converted basis, as may be permissible under applicable law.

Series B compulsorily convertible preference shares (CCPS)

The series B compulsorily convertible preference shares shall be convertible into fully paid equity shares at the option of the holder at any time or automatically after the expiry of 19 years from the date of issuance in the conversion ratio of 1:1

The holders of series B preference shares shall be entitled to attend the meetings of all shareholders of the company and will be entitled to such voting rights on an as if converted basis, as may be permissible under applicable law.

Rights, preferences and restrictions attached to compulsorily convertible preference shares

The company has one class of compulsorily convertible preference shares having nominal value of Rs 10 each and four classes of compulsorily convertible preference shares having nominal value of Rs 200 each.

b Reconciliation of shares outstanding at the beginning and at the end of the year

	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
<b>0.1% Compulsorily convertible preference shares of Rs 10 each (Class A)</b>				
Outstanding at the beginning of the year	2,91,177	2,911.77	2,91,177	2,911.77
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	2,91,177	2,911.77	2,91,177	2,911.77
<b>0.1% Compulsorily convertible preference shares of Rs 200 each (Class A1)</b>				
Outstanding at the beginning of the year	1,451	290.20	1,451	290.20
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	1,451	290.20	1,451	290.20
<b>0.1% Compulsorily convertible preference shares of Rs 200 each (Class A2)</b>				
Outstanding at the beginning of the year	4,353	870.60	4,353	870.60
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	4,353	870.60	4,353	870.60
<b>0.1% Compulsorily convertible preference shares of Rs 200 each (Class A3)</b>				
Outstanding at the beginning of the year	13,236	2,647.20	13,236	2,647.20
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	13,236	2,647.20	13,236	2,647.20
<b>0.1% Compulsorily convertible preference shares of Rs 200 each (Class B)</b>				
Outstanding at the beginning of the year	10,864	2,172.80	10,864	2,172.80
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	10,864	2,172.80	10,864	2,172.80

c Details of shares held by shareholders holding more than 5% of the aggregate Preference shares in the Company

	As at 31 March 2023		As at 31 March 2022	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Class A				
Polycab India Limited	2,91,177	100	2,91,177	100
Class A1				
Polycab India Limited	1,451	100	1,451	100
Class A2				
Polycab India Limited	4,353	100	4,353	100
Class A3				
Polycab India Limited	13,236	100	13,236	100
Class B				
Polycab India Limited	10,864	100	10,864	100



Silvan Innovation Labs Private Limited  
Notes to Financial Statements for the year ended 31 March 2023

d Compulsory Convertible Debenture (CCD)

The CCDs shall carry a cumulative coupon rate of 0.01% per annum on the face value of the CCDs ("Coupon") which shall be payable on an annual basis. The Coupon shall be applicable on and from the date of issuance of the CCDs until the date of conversion of the CCD, or end of the CCD Tenure, whichever is earlier. Each CCD shall have a tenure of 2 (two) years from the date of issuance. The CCDs shall not have any voting rights until conversion thereof into Equity Shares. CCD shall be converted into Equity Shares in the ratio of 1:1 at anytime prior to the CCD Tenure.

e Retained earnings

Retained earnings are the profits that the Company has earned till date less any transfers to General Reserve, dividends or other distributions to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss. Retained earnings is a free reserve available to the Company.

	(₹ in 000)	
	31-Mar-23	31-Mar-22
Opening balance	(3,22,340.07)	(2,41,532.88)
Add: Profit/(Loss) during the year	(26,692.87)	(80,807.19)
Less: Transition impact of Ind AS 116	-	-
	<b>(3,49,032.94)</b>	<b>(3,22,340.07)</b>

13. Borrowings

Borrowings- current

At Amortised Cost

Unsecured

Loan From Holding Company

	(₹ in 000)	
	31-Mar-23	31-Mar-22
	52,000.00	45,500.00
	<b>52,000.00</b>	<b>45,500.00</b>

14. Trade payables

At Amortised Cost

Total outstanding dues of micro and small enterprises

Total outstanding dues of creditors other than micro and small enterprises

Other than acceptances

Trade payables - Others (Refer note below)

	(₹ in 000)	
	31-Mar-23	31-Mar-22
	-	-
	165.65	2,390.39
	<b>165.65</b>	<b>2,390.39</b>

Notes:-

- (a) Others includes amount payable to vendors, employees liability and accrual of expenses that are expected to be settled in the Company's normal operating cycle or due to be settled within twelve months from the reporting date.
- (b) For explanations on the Company's liquidity risk management processes, Refer note 31.
- (c) There are no unbilled payables, hence the same is not disclosed in the ageing schedule as below.
- (d) Trade Payables ageing schedule

As at 31 March 23

	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	
(ii) Others	-	-	-	-	-	
Acceptances	-	-	-	-	-	
Other than acceptances	165.65	-	-	-	165.65	
(iii) Disputed dues - MSME	-	-	-	-	-	
(iv) Disputed dues - Others	-	-	-	-	-	
	-	<b>165.65</b>	-	-	<b>165.65</b>	

As at 31 March 22

	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	
(ii) Others	-	-	-	-	-	
Acceptances	-	-	-	-	-	
Other than acceptances	1,204.30	-	-	-	1,186.09	
(iii) Disputed dues - MSME	-	-	-	-	-	
(iii) Disputed dues - Others	-	-	-	-	-	
	-	<b>1,204.30</b>	-	-	<b>1,186.09</b>	

15. Other financial liabilities - Current

At Amortised Cost

Interest accrued but not due

	(₹ in 000)	
	31-Mar-23	31-Mar-22
	4,390.82	719.89
	<b>4,390.82</b>	<b>719.89</b>

16. Other liabilities

Other liabilities - Current

Advance from customers

Other payables and salary payable

Other statutory dues

Employee Recoveries and Employer Contributions

Taxes Payable (Other than Income tax)

	(₹ in 000)	
	31-Mar-23	31-Mar-22
	1,470.13	6,130.17
	7,678.21	5,877.77
	74.88	533.87
	345.51	884.62
	<b>9,568.73</b>	<b>13,426.43</b>

17. Provisions

A Provisions - Non-current

Provision for employee benefits (Refer note 22)

Gratuity

	(₹ in 000)	
	31-Mar-23	31-Mar-22
	1,203.00	6,614.00
	<b>1,203.00</b>	<b>6,614.00</b>

B Provisions - Current

Provision for employee benefits (Refer note 22)

Gratuity

	(₹ in 000)	
	31-Mar-23	31-Mar-22
	94.00	1,126.00
	<b>94.00</b>	<b>1,126.00</b>



Silvan Innovation Labs Private Limited  
Notes to Financial Statements for the year ended 31 March 2023

**18. Revenue from operations**

	(₹ in 000)	
	Year ended 31-Mar-23	Year ended 31-Mar-22
Revenue on Sale of Products		
Finished goods	18,137.03	18,032.30
	<b>18,137.03</b>	<b>18,032.30</b>
Other operating revenue		
Job work income - Service income	3,445.72	4,148.44
<b>Total Revenue from contracts with customers</b>	<b>21,582.75</b>	<b>22,180.74</b>
<b>Total Revenue from operations</b>	<b>21,582.75</b>	<b>22,180.74</b>

(a) Trade receivables are usually non-interest bearing and are generally on credit terms up to 90 days. Evaluation is made as per the terms of the contract i.e. if the Company does not retain any risk and rewards or control over the financial assets, then the entity derecognises such assets upon transfer of financial assets under such arrangement with the banks.

(b) As on 31 March 2023, 3 customers contributed more than 10% each to the Total Revenue from operations.

**19. Other income**

	(₹ in 000)	
	Year ended 31-Mar-23	Year ended 31-Mar-22
Miscellaneous income	11,033.93	52.32
	<b>11,033.93</b>	<b>52.32</b>

**20. Cost of materials consumed**

	(₹ in 000)	
	Year ended 31-Mar-23	Year ended 31-Mar-22
Inventories at the beginning of the period	20.12	1,993.03
Add: Purchases	3,974.84	9,037.74
	<b>3,994.96</b>	<b>11,030.77</b>
Less: Inventories at the end of the period	16.14	20.12
	<b>3,978.82</b>	<b>11,010.65</b>

**21. Changes in inventories of finished goods, stock-in-trade and work-in-progress**

	(₹ in 000)	
	Year ended 31-Mar-23	Year ended 31-Mar-22
Inventory at the beginning of the period		
Finished goods	4,283.32	3,995.35
Stock-in-trade	950.45	382.76
	<b>5,233.77</b>	<b>4,378.11</b>
Inventory at the end of the period		
Finished goods	715.60	4,283.32
Stock-in-trade	278.51	950.45
	<b>994.11</b>	<b>5,233.77</b>
<b>Changes in Inventories</b>	<b>4,239.66</b>	<b>(855.66)</b>

**22. Employee benefits expense**

	(₹ in 000)	
	Year ended 31-Mar-23	Year ended 31-Mar-22
Salaries, wages and bonus	9,949.62	36,925.01
Contribution to provident and other funds	596.65	6,514.97
Staff welfare expense	895.35	789.13
	<b>11,441.62</b>	<b>44,229.11</b>



## Silvan Innovation Labs Private Limited

Notes to Financial Statements for the year ended 31 March 2023

### 22. Employee benefits expense

#### Gratuity and other post-employment benefit plans

##### (A) Defined Benefit plan

###### Gratuity Valuation - As per actuary

In respect of Gratuity, the Company makes annual contribution to the employee group gratuity scheme of the Life Insurance Corporation of India, funded defined benefits plan for qualified employees. The scheme provided for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has provided for gratuity based on the actuarial valuation done as per Project Unit Credit Method.

Defined benefit plans expose the Company to actuarial risks such as

##### (i) Interest rate risk

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

##### (ii) Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

##### (iii) Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

##### (iv) Asset Liability Matching Risk

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

##### (v) Mortality risk

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk. If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

##### (vi) Concentration Risk

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

##### (vii) Variability in withdrawal rates

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

##### (viii) Regulatory Risk

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

The Company operates a defined benefit plan, viz., gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at 31 March, 2023 an external independent fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.



## Silvan Innovation Labs Private Limited

Notes to Financial Statements for the year ended 31 March 2023

### 22. Employee benefits expense

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for gratuity.

#### Statement of profit and loss

Net employee benefits expense recognised in profit or loss:

	Year ended 31-Mar-23	Year ended 31-Mar-22
Current service cost	32.00	1,021.00
Net interest cost	169.00	417.00
Past service cost	-	-
<b>Net benefits expense</b>	<b>201.00</b>	<b>1,438.00</b>

(₹ in 000)

Net remeasurement (gain)/ loss on defined benefit plans recognised in Other comprehensive income for the year:

	Year ended 31-Mar-23	Year ended 31-Mar-22
Actuarial (gain) /loss on obligations	88.00	2,269.00
(Return)/Loss on plan assets, excluding interest income	(17.00)	28.00
<b>Net (Income)/Expense for the year recognized in OCI</b>	<b>71.00</b>	<b>2,297.00</b>

(₹ in 000)

#### Balance sheet

##### Benefits liability

	Year ended 31-Mar-23	Year ended 31 Mar 22
Present value of defined benefit obligation	1,427.00	7,845.00
Fair value of plan assets	130.00	105.00
<b>Plan liability</b>	<b>1,297.00</b>	<b>7,740.00</b>

(₹ in 000)

Changes in the present value of the defined benefit obligation are as follows:

	Year ended 31-Mar-23	Year ended 31 Mar 22
Opening defined benefit obligation	7,845.00	7,570.00
Interest cost	177.00	424.00
Current service cost	32.00	1,021.00
Past service cost	-	-
Benefits paid	(1,643.00)	(3,439.00)
Liability transferred out	(4,896.00)	-
Actuarial (gains)/losses on obligations		
Due to change in demographics assumptions	(119.00)	-
Due to change in financial assumptions	(86.00)	(174.00)
Due to experience	117.00	2,443.00
<b>Closing defined benefit obligation</b>	<b>1,427.00</b>	<b>7,845.00</b>

(₹ in 000)

Changes in the fair value of plan assets are as follows:

	Year ended 31-Mar-23	Year ended 31 Mar 22
Opening fair value of plan assets	105.00	101.00
Interest Income	8.00	7.00
Contribution by employer	1,677.00	3,464.00
Benefits paid	(1,643.00)	(3,439.00)
Actuarial gains	(17.00)	(28.00)
<b>Closing fair value of plan assets</b>	<b>130.00</b>	<b>105.00</b>

(₹ in 000)

The Company expects to contribute ₹ 500 thousands to gratuity in the next year (31 March 2022: ₹ 1000 thousands).



## Silvan Innovation Labs Private Limited

Notes to Financial Statements for the year ended 31 March 2023

### 22. Employee benefits expense

Current & non-current bifurcation of provision for gratuity as per actuarial valuation is as follows:

	Year ended 31-Mar-23	Year ended 31 Mar 22
Non-current	1,203.00	6,614.00
Current	94.00	1,126.00

(₹ in 000)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Year ended 31-Mar-23	Year ended 31 Mar 22
Investment with insurer	100.00%	100.00%

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	Year ended 31-Mar-23	Year ended 31 Mar 22
Discount rate	7.2%	6% p.a.
Expected rate of return on plan assets	6%	5.6% p.a.
Employee turnover	10%	15% p.a.
Salary escalation	7% p.a.	7% p.a.
Weighted average duration	6 years	4.5 years
Mortality rate during employment	IALM 2012-14 (Ult.)	IALM 2012 - 14 (Ult.)

The average expected future service as at 31 March 2023 is 6 years (31 March 2022 - 4.5 years).

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

A quantitative sensitivity analysis for significant assumption as at 31 March 2023 is as shown below:

Sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be co-related. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

#### Sensitivity analysis

	Year ended 31-Mar-23	Year ended 31 Mar 22
Projected benefit obligation on current assumptions		
Delta effect of +1% change in rate of discounting	+10	+459
Delta effect of -1% change in rate of discounting	-12	-423
Delta effect of +1% change in rate of salary increase	+12	+416
Delta effect of -1% change in rate of salary increase	-10	-459
Delta effect of +1% change in rate of employee turnover	Negligible	+31
Delta effect of -1% change in rate of employee turnover	Negligible	-33

(₹ in 000)

### (B) Other Defined Benefit and contribution Plans

#### Provident Fund

The Company contribute towards Provident Fund to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company contributes towards Provident Fund managed by Central Government and has recognised ₹ 556.10 thousands (31st March 2022 - ₹ 2,876.55 thousands) for provident fund contributions in the Statement of Profit and Loss.



Silvan Innovation Labs Private Limited  
Notes to Financial Statements for the year ended 31 March 2023

**23. Finance cost**

	(₹ in 000)	
	Year ended 31-Mar-23	Year ended 31-Mar-22
Interest expense on financial liabilities at amortised cost	5,857.83	3,834.38
Other borrowing costs - Bank Charges	158.64	-
	<b>6,016.47</b>	<b>3,834.38</b>

**24. Depreciation and amortisation expenses**

	(₹ in 000)	
	Year ended 31-Mar-23	Year ended 31-Mar-22
Depreciation of Property, Plant and Equipment (Refer note 3)	52.34	66.31
Amortisation of intangible assets (Refer note 4)	22,809.09	22,473.13
	<b>22,861.42</b>	<b>22,539.44</b>

**25. Other expenses**

	(₹ in 000)	
	Year ended 31-Mar-23	Year ended 31-Mar-22
Consumption of stores and spares	1,591.17	245.90
Rent	2,262.48	2,231.48
Rates and taxes	162.14	775.74
Insurance	-	23.60
Repairs and maintenance		
Others	45.47	80.85
Advertising and sales promotion and round off	247.40	137.17
Travelling and conveyance	1,306.98	1,164.49
Communication Cost	543.34	368.42
Legal and professional fees	1,966.42	15,296.35
Freight & forwarding expenses	-	52.89
Research and Development expenses	809.59	-
Payment to auditor (Refer note (a) below)	265.00	230.00
Bad Debts	2,955.88	13,828.19
Less: Impairment provision written back during the year	(2,277.32)	(13,393.67)
	678.56	434.52
Miscellaneous Expenses	964.00	1,240.92
	<b>10,842.56</b>	<b>22,282.33</b>

**Notes:**

(a) Payments to auditor:

	Year ended 31-Mar-23	Year ended 31-Mar-22
As auditor		
(i) Audit fee	200.00	150.00
(ii) Certification fees	65.00	-
(iii) Other Matters	-	80.00
	<b>265.00</b>	<b>230.00</b>

**26. Earnings per share**

(a) Basic Earnings per share

			Year ended 31-Mar-23	Year ended 31-Mar-22
Profit/(Loss) after taxation	₹ in 000	A	(26,692.87)	(83,104.19)
Weighted average number of equity shares for basic earning per share *	Number	B	1,01,956	1,01,956
<b>Earnings per shares - Basic (one equity share of ₹ 100 each)</b>	<b>₹ per share</b>	<b>(A/B)</b>	<b>(261.81)</b>	<b>(815.10)</b>

(b) Diluted Earnings per share

The Company has outstanding Compulsorily convertible preference shares and Compulsorily convertible debentures as at 31 March 2023 and 31 March 2022. Since the Company has net loss for the current and previous year, the effect of these potential equity shares will be anti-diluted, hence Diluted Earnings per share is considered same as Basic Earnings per share.





**Silvan Innovation Labs Private Limited**  
Notes to Financial Statements for the year ended 31 March 2023

**27. Contingent liabilities and commitments**

There are no Contingent Liabilities and Capital Commitments as at 31 March 2023 and 31 March 2022

**28. Related party disclosure**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash or credit as per the terms of the arrangement.

(a) Related Parties

(i) Holding Company:

Polycab India Limited

(ii) Key management personnel

Ajay Gupta

Director

Bindimgnavile Seshadri Praveen

Director

Manita Carmen A. Gonsalves

Additional Director (Appointed w.e.f. 27 March 2023)

(b) Transactions with Holding Company during the year ended 31 March 2023

- (i) Borrowings - Intercorporate deposits taken - Rs 6,500 thousands (Previous year 31-Mar-22 Rs. 45,500 thousand)
- (ii) Compulsory Convertible Debenture (CCD) issued - Nil (Previous Year 31-Mar-22 Rs. 78,070 thousands)
- (iii) Interest Expenses on Loan - Rs 5,850 thousands (Previous Year 31-Mar-22 Rs. 2,904.50 thousands)
- (iv) Interest Expenses on Compulsory Convertible Debenture (CCD) - Rs 7.82 thousands (Previous Year 31-Mar-22 Rs. 5.84 thousands)
- (v) Rent expense - Rs. 2,669.72 thousands (Previous year 31-Mar-22 Rs. 667.43 thousand)
- (vi) Purchase expenses - Rs.2,479.26 thousands (Previous year 31-Mar-22 Rs. Nil)
- (vii) Reimbursement of Expenses - Rs. 5783.478 thousands (Previous Year 31-Mar-22 Rs. Nil)

(c) Closing Balance as at 31 March 2023

- (i) Borrowings- Intercorporate deposits- Rs 52,000 thousands (Previous year Rs. 45,500 thousand)
- (ii) Interest payable on Loan & CCD - Rs 4,390.81 thousands (Previous year Rs. 719.31 thousand)
- (iii) Trade Payables - Rs.4896.31 thousands (Previous Year Nil)
- (iv) Compulsory Convertible Debentures (CCD) - Rs. 78,070 thousands (Previous year Rs. 78,070 thousands)

(d) Transactions with KMP:

(i) Borrowings- Transactions during the year

	31-Mar-23	31-Mar-22
<b>Giridhar Krishna Mamidipudi</b>		
Opening Balance	-	3,962.60
Taken during the year	-	411.23
Repaid during the year	-	4,373.83
<b>Closing Balance</b>	-	-
<b>Mohan Gopalakrishna</b>		
Opening Balance	-	375.02
Taken during the year	-	-
Repaid during the year	-	375.02
<b>Closing Balance</b>	-	-

(iii) Remuneration paid for the year ended and outstanding as on:

	31-Mar-23	31-Mar-22
Giridhar Krishna Mamidipudi	-	2,956.80
Mohan Gopalakrishna	-	556.80
Ajay Gupta	6,993.69	1,756.80
	<b>6,993.69</b>	<b>5,270.40</b>

Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the directors and KMP are not included above.

**29 (A) Segment reporting**

The Company is predominantly engaged in the business of facilitate development and maintenance of business and software applications on all popular and mainframe and minicomputer platforms and to carry on the work of development of software and related services in all kinds. As such there are no separate reportable segments, as per the Ind-AS 108 on Operating Segment.

The Company's operations are mainly confined in India. The Company does not have material earnings from business segment outside India. As such, there are no reportable geographical segments.

Information about Major Customer: Revenue from operations for the year include Rs. 9492.58 thousands (Previous Year Rs 7,491.85 thousands) from three customers (Previous Year: two customer) having more than 10% of the total revenue.



Silvan Innovation Labs Private Limited  
Notes to Financial Statements for the year ended 31 March 2023

**29 (B) Additional Regulatory Information**

Ratios	Numerator	Denominator	31-Mar-23	31-Mar-22
Current Ratio (in times)	Total Current Assets	Total Current Liabilities	0.14	0.25
Debt-Equity Ratio (in times)	Debt consists of borrowings and lease liabilities.	Total Equity	4.41	1.18
Debt Service Coverage Ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments		
Return on Equity Ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	-226%	-216%
Inventory turnover ratio (in times)	Cost of Goods Sold	Average Inventory	2.62	1.75
Trade Receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	3.53	4.75
Trade payables turnover ratio (in times)	Net credit purchases	Average trade payables	3.11	1.27
Net capital turnover ratio (in times)	Revenue from operations	Average Working capital	-0.38	-0.47
Net profit ratio (in %)	Profit for the year	Revenue from operations	-82%	-363%
Return on Capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Lease liabilities + Deferred tax liabilities	-176%	-200%



## Silvan Innovation Labs Private Limited

Notes to Financial Statements for the year ended 31 March 2023

### 30. Financial Instruments and Fair Value Measurement

#### A) Financial Instruments

##### Fair value measurements

The Company measures financial instruments, such as, derivatives, mutual funds etc. at fair value at each Balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

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

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, to provide an indication about the reliability of inputs used in determining fair value, the Company has classified its financial statements into three levels prescribed under the accounting standard as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Trade receivables	5,357.02	7,593.68	5,357.02	7,593.68
Cash and cash equivalents	1,412.96	250.52	1,412.96	250.52
Other financial assets	-	140.00	-	140.00
	<b>6,769.98</b>	<b>7,984.20</b>	<b>6,769.98</b>	<b>7,984.20</b>
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Borrowings - long term including current maturities and short term	52,000.00	45,500.00	52,000.00	45,500.00
Trade payables	165.65	2,390.39	165.65	2,390.39
Other financial liabilities	4,390.82	719.89	4,390.82	719.89
	<b>56,556.47</b>	<b>48,610.28</b>	<b>56,556.47</b>	<b>48,610.28</b>

- The management assessed that cash and cash equivalents, trade receivables, trade payables, short-term borrowings, loans to related party, loans to employees, short term security deposit and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 31. Financial Risk Management Objectives And Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors of the Company has formed a Risk Management Committee to periodically review the risk management policy of the Company so that the management manages the risk through properly defined mechanism. The Risk Management Committee's focus is to foresee the unpredictability and minimize potential adverse effects on the Company's financial performance. The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:



## Silvan Innovation Labs Private Limited

### Notes to Financial Statements for the year ended 31 March 2023

#### (A) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments and derivative financial instruments.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company is also exposed to the risk of changes in market interest rates relates due to its investments in mutual fund units in overnight funds.

The Company manages its interest rate risk by having a fixed and variable rate loans and borrowings. The Company enters into interest rate swaps for long term foreign currency borrowings, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2022, 100% of the Company's borrowings are at a fixed rate of interest

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Exposure to interest rate risk (Principal amount of loan)	Increase/ decrease in basis points	Effect on profit before tax
<b>31st March 2023</b>	52,000		
Increase		+200	(1,040.00)
Decrease		-200	1,040.00
<b>31st March 2023</b>	45,500		
Increase		200	(910.00)
Decrease		(200)	910.00

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's borrowings in foreign currency. The Company does not have any receivable and payable in Foreign currency as at 31 March 2023 and 31 March 2022



Silvan Innovation Labs Private Limited  
Notes to Financial Statements for the year ended 31 March 2023

**31. Financial Risk Management Objectives And Policies**

(B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

**Trade receivables and contract assets**

The Company has adopted a policy of only dealing with counterparties that have sufficient credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company has applied Expected Credit Loss (ECL) model for measurement and recognition of impairment losses on trade receivables. ECL has been computed as a percentage of revenue on the basis of Company's historical data of delay in collection of amounts due from customers and default by the customers along with management's estimates.

The Company has sold without recourse trade receivable under channel finance arrangement for providing credit to its dealers. Evaluation is made as per the terms of the contract i.e. if the Company does not retain any risk and rewards or control over the financial assets, then the entity derecognises such assets upon transfer of financial assets under such arrangement with the banks. Derecognition does not result in significant gain / loss to the Company in the Statement of profit and loss.

The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The collections pattern from the customers in the current period does not indicate stress beyond what has been factored while computing the allowance for expected credit losses.

**Other financial assets**

The Company has adopted a policy of only dealing with counterparties that have sufficient credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

(C) Liquidity risk

The Company's principle sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

Further, the Company manages its liquidity risk in a manner so as to meet its normal financial obligations without any significant delay or stress. Such risk is managed through ensuring operational cash flow while at the same time maintaining adequate cash and cash equivalents position. The management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. Surplus funds not immediately required are invested in certain financial assets (including mutual funds) which provide flexibility to liquidate at short notice and are included in current investments and cash equivalents. Besides, it generally has certain undrawn credit facilities which can be accessed as and when required, which are reviewed periodically.

The Company has developed appropriate internal control systems and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and availability of alternative sources for additional funding, if required.

**Maturity Analysis**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	31st March 2023			31st March 2022		
	< 1 year	> equal to 1 year	Total	< 1 year	> equal to 1 year	Total
Borrowings	52,000.00	-	52,000.00	45,500.00	-	45,500.00
Other financial liabilities	4,390.82	-	4,390.82	719.89	-	719.89
Trade payables	165.65	-	165.65	2,390.39	-	2,390.39
	<b>56,556.47</b>	-	<b>56,556.47</b>	<b>48,610.29</b>	-	<b>48,610.29</b>

**32. Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective is to maximise the shareholders value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, operating cash flows generated and external borrowings.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The capital structure is governed by policies approved by the Board of Directors and monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.



Silvan Innovation Labs Private Limited  
Notes to Financial Statements for the year ended 31 March 2023

	31-Mar-23	31-Mar-22
Debt	52,000.00	45,500.00
Equity	11,792.58	38,485.45
Total capital	63,792.58	83,985.45
Debt	52,000.00	45,500.00
Gearing ratio	81.51%	54.18%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. As on 31 March 2023 the company had borrowings only from its holding company

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2023 and 31 March 2022.

33. "The Board of Directors of the Company at their meeting held on 12 October 2022 has approved the Scheme of Amalgamation amongst the Company and its Holding Company viz. "Polycab India Limited", on a going concern basis. The Appointed date of the Scheme is 1 April 2022 or such other date as may be approved by NCLT or any other appropriate authority. The Scheme will be given effect on receipt of requisite regulatory approvals, on fulfillment of conditions precedent therein and filing of such approvals with the ROC. As on date of adoption of these financial statements by the Board, approval of the scheme of arrangement from NCLT is awaited, accordingly accounts have been prepared without giving any effects of the said Scheme of Arrangement."

34. Events after the reporting period

No significant adjusting event occurred between the balance sheet date and date of the approval of these financial statements by the Board of Directors of the Company requiring adjustment or disclosure.

As per our report of even date  
For Jain Nikhil N & Co  
Chartered Accountants  
Firm Registration No.:155926W

Nikhil N Jain  
Partner  
Membership No:116643

Place: Mumbai  
Date: 24.04.2023



Ajay Gupta  
Director  
DIN: 09447933

Place: Bengaluru  
Date: 24.04.2023

Manita Carmen A. Gonsalves  
Additional Director  
DIN: 10056440

Place: Mumbai  
Date: 24.04.2023